MADISON
GROUP

Madison Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8057

2019/2020
Annual Report

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Director(s)") of Madison Holdings Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Ying-chieh
(appointed as Executive Director, Chairman and Chief executive officer on 19 November 2019)
Mr. Hankoo Kim *(appointed as Executive Director on 19 November 2019)*
Ms. Kuo Kwan
Mr. Zhang Li *(appointed on 3 October 2019 as non-executive director and re-designated on 22 November 2019)*
Mr. Zhu Qin
(resigned as Executive Director and Deputy Chairman on 19 November 2019)
Mr. Ting Pang Wan Raymond
(resigned as Executive Director and Chairman on 3 October 2019)
Mr. Zhou Francis Bingrong
(resigned as Executive Director and Chief Executive Officer on 3 October 2019)

Non-Executive Directors

Mr. Ip Cho Yin, *J.P*
Mr. Ji Zuguang *(appointed on 3 October 2019 and ceased to be Chairman on 19 November 2019)*
Mr. Zhang Li *(appointed on 3 October 2019 and re-designated on 22 November 2019 as executive director)*

Independent Non-Executive Directors

Ms. Fan Wei
Mr. Chu Kin Wang Peleus
Dr. Lau Reimer, Mary Jean *(appointed on 4 June 2019)*

AUDIT COMMITTEE

Mr. Chu Kin Wang Peleus *(Chairman)*
Ms. Fan Wei
Mr. Ip Cho Yin, *J.P*
Dr. Lau Reimer, Mary Jean *(appointed on 4 June 2019)*

REMUNERATION COMMITTEE

Ms. Fan Wei *(Chairlady)*
Mr. Ting Pang Wan Raymond
(resigned on 3 October 2019)
Mr. Ji Zuguang
(appointed on 3 October 2019)
Mr. Chu Kin Wang Peleus
Dr. Lau Reimer, Mary Jean *(appointed on 4 June 2019)*

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Ji Zuguang *(Chairman)*
(appointed on 3 October 2019)
Mr. Ting Pang Wan Raymond
(resigned as Chairman on 3 October 2019)
Ms. Fan Wei
Mr. Chu Kin Wang Peleus
Mr. Ip Cho Yin, *J.P*
Dr. Lau Reimer, Mary Jean *(appointed on 4 June 2019)*

AUTHORISED REPRESENTATIVES

Ms. Kuo Kwan *(appointed on 7 September 2019)*
Mr. Ting Pang Wang Raymond
(resigned on 3 October 2019)
Ms. Tse Ka Yan *(resigned on 7 September 2019)*
Mr. Young Ho Kee Bernard
(appointed on 12 November 2019)
Mr. Zhu Qin *(appointed on 3 October 2019 and resigned on 12 November 2019)*

COMPLIANCE OFFICER

Ms. Kuo Kwan *(appointed on 19 November 2019)*
Mr. Zhu Qin *(resigned on 19 November 2019)*

COMPANY SECRETARY

Mr. Young Ho Kee Bernard
(appointed on 11 November 2019)
Ms. Tse Ka Yan *(resigned on 7 September 2019)*

AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

REGISTERED OFFICE

Cricket Square
Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

28/F., Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Cayman Islands
Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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

STOCK CODE

8057

WEBSITE ADDRESS

https://www.madison-group.com.hk/

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of Directors of the Company, I am pleased to present to you the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2020.

The wine industry has become much competitive in the recent years. Our wine business was severely affected by the price discount strategy adopted by our competitors and the soaring rent and labour cost which squeezed the Group's profitability, therefore the Group has commenced Wine Auction Business in 2018. I believe that the Group can further strengthen its position in the high-end fine wine business through its Wine Auction Business, and can better leverage its cash position through receiving consignments provided by the consignors to the Wine Auction Business.

The outlook remains highly uncertain due to continuous social incidents in Hong Kong since June 2019 as well as 2019-20 COVID-19 outbreak. The Board and all our staff will carry on with the spirit of dedication and diligence, to provide high-quality products and services, optimize business portfolio of the Group as well as to find new direction and potential business collaboration to reduce the impact as well as creating more value for shareholders.

The Group believes that it could bring in synergies which could enhance our current fundamental business as well as additional stream of income to the Group through business diversification and to reduce the impact of increasing cost structure under the competitive environment, which will deliver long term increase in shareholders' value.

Finally, I would like to express my greatest gratitude to the Board, management and staff for their strenuous contribution towards the Group. Furthermore, I would also like to thank you our executive Directors, Mr. Hankoo Kim, Ms. Kuo Kwan and Mr. Zhang Li. I also extend my sincere thanks to our business partners and shareholders of the Company (the "Shareholders") for their continuous support and trust. I believe all members of the Group will dedicate their best efforts to drive business growth and to deliver enhanced returns to the Shareholders.

Chen Ying-chieh
Chairman and executive Director

Hong Kong, 22 June 2020

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Chen Ying-chieh ("Mr. Chen"), aged 50, was appointed as an executive Director, Chairman and Chief Executive Officer on 19 November 2019. He is currently the group managing director of Asia Culture Entertainment Group（亞洲文化娛樂集團）. Prior to the appointment as the chairman of Daphne International Holdings Limited ("Daphne Int'l"), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 210: HK) in November 2004, Mr. Chen had been its executive director. In January 2011, he was appointed also as the chief executive officer of Daphne Int'l. Mr. Chen was then re-designated as a chairman of Daphne Int'l from April 2016 to May 2017, after which he ceased to be the chairman and remained as a non-executive director of Daphne Int'l until September 2018. Mr. Chen has been involved in trading business for over 20 years. He has extensive experience in corporate and business strategic planning.

Mr. Chen obtained a bachelor's degree in International Trade from the Chung Yuan Christian University in Taiwan.

Mr. Hankoo Kim ("Mr. Kim"), aged 49, was appointed as an executive Director on 19 November 2019. Mr. Kim is currently a special assistant of Chairman of CTGA (Culture Technology Group Asia). Mr. Kim was designated in various senior management roles in the group companies of CJ Entertainment during 2004 to 2014. Mr. Kim has extensive experience in business management and strategic planning.

Mr. Kim obtained a bachelor's degree in Economic Law from the Peking University in China in 1999.

Ms. Kuo Kwan ("Ms. Kuo"), aged 50, was appointed as the executive Director on 25 September 2017. She has over 20 years' accounting and auditing experience and held senior management positions in various listed and private companies in Hong Kong. She was the chief financial officer from December 2010 to May 2016 and the company secretary from November 2011 to July 2014 of Credit China Holdings Limited (currently known as Chong Sing Holdings FinTech Group Limited), a company whose shares are listed on GEM (stock code 8207: HK). Ms. Kuo was an executive director of GreaterChina Technology Group Limited (currently known as Viva China Holdings Limited), a company whose shares are listed on GEM (stock code 8032: HK) from January 2005 to September 2008.

Ms. Kuo is a member of CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). She graduated from University of Melbourne in Australia with a bachelor's degree in commerce.

Mr. Zhang Li ("Mr. Zhang"), aged 47, was appointed as a non-executive Director, Chairman and Chief Executive Officer on 3 October 2019 and re-designated as an executive Director on 22 November 2019. He is currently the executive director and the co-chairman of the board of the directors of Up Energy Development Group Limited ("Up Energy"), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 307: HK) since June 2016 and August 2016, respectively. He was an executive director of China Billion Resources Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 274: HK) from April 2018 to September 2019. Mr. Zhang has extensive experience in financial and capital markets. He has been involved in investment and management activities of the financial markets for over 20 years, with a particular focus on securities investment and investment banking.

Mr. Zhang obtained a bachelor's degree in sales and marketing from the Northwest University of Politics and Law, China in 1998.

EXECUTIVE DIRECTORS *(Continued)*

Pursuant to the disclosure requirement under Rule 17.50(2)(l) of the GEM Listing Rules, prior to Mr. Zhang's appointment with Up Energy on 24 June 2016, Up Energy was put into a winding up petition by a petitioner in the Court of First Instance of the High Court of Hong Kong on 29 March 2016 for the outstanding balance of principal, with interest accrued, of the matured convertible notes in the principal amount of HK$230,000,000, and on 18 May 2016 (Bermuda time), further winding up petition was filed by a petitioner in the Supreme Court of Bermuda for the outstanding balance of the matured convertible notes in the principal amount of HK$150,000,000. As at the date of this report, Up Energy has been placed into the third delisting stage by the Listing Department of the Stock Exchange. Having considered Mr. Zhang's appointment with Up Energy commenced after filing of the aforesaid winding up petitions, the Board believes Mr. Zhang is capable to be an executive Director.

NON-EXECUTIVE DIRECTORS (THE "NED")

Mr. Ip Cho Yin, *J.P.* ("Mr. Ip"), aged 69, was appointed as an independent non-executive Director (the "INED") and a member of each of the audit committee (the "Audit Committee"), the Nomination and Corporate Governance Committee and the Remuneration Committee of the Company on 1 February 2017. He was subsequently re-designated as a non-executive Director and resigned as a member of the Remuneration Committee on 7 March 2019. Mr. Ip possesses extensive experience in education. He is a registered teacher, an educational consultant and a teacher development expert. He is also a guest speaker of universities and educational bodies in Hong Kong. Mr. Ip is the Guest Professor of Hong Kong Financial Services Institute from 2014 to 2020, the Project Coordinator of the Education Bureau of the Government of the Hong Kong Special Administrative Region (the "Education Bureau") from 2010 to September 2019. He was the Deputy Project Director of the Education Bureau from 2004 to 2010 and the Chief School Development Officer of the Education Bureau from 2002 to 2004. Mr. Ip was a teacher of Pui Kiu Middle School from 1973 to 1997 and became the principal from 1997 to 2002.

Mr. Ip was a member of Appeals Board (Education) from 2000 to 2001, a member of Board of Education from 1998 to 2002, an elected member of Council on Professional Conduct in Education from 1998 to 2002, a member of Quality Education Fund Steering Committee from 1997 to 2001, a Standing Committee member of the Hong Kong Federation of Education Workers from 1993 to 1999. Mr. Ip was an elected member of District Board (Islands) from 1994 to 1999.

Mr. Ip obtained his bachelor's degree in mathematics at University of Waterloo in Canada in 1972 and a diploma in education at the School of Education of The Chinese University of Hong Kong in 1982.

Mr. Ji Zuguang ("Mr. Ji"), aged 62, was appointed as a non-executive Director and Chairman on 3 October 2019 and ceased as Chairman on 19 November 2019. Mr. Ji is currently a director of Starlight Financial Holdings Limited ("Starlight") which is an indirect non wholly-owned subsidiary of the Company since August 2012.

From 1992 to 2000, he served as secretary and engineer of the Shanghai Postal, Telephone and Communication Bureau（上海市郵電管理局）respectively. Since 2000, Mr. Ji served as the Deputy General Manager of LT International Holdings Ltd.（峻岭國際集團有限公司）where he was mainly responsible for the overall operation of property development projects and well-experienced in the property development industry. In 2003, he participated in the establishment of Shanghai Yintong and has since gained around 9 years of experience in the secured financing industry.

Mr. Ji graduated from the Party School of the Central Committee of C.P.C（中共中央黨校）in 1992 majoring in Economic Management. In 2006, Mr. Ji received his Master's degree in Advanced Business Management from the Nanyang Technological University of Singapore.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS (THE "INED")

Ms. Fan Wei ("Ms. Fan"), aged 64, was appointed as an INED on 21 September 2015 and is also the chairlady of the Remuneration Committee and a member of each of the Audit Committee and the Nomination and Corporate Governance Committee of the Company. Since September 2013, Ms. Fan has been the general secretary responsible for arranging charity activities of 香港華源會 (WCS Culture Association Hong Kong), which is committed to improving quality of academic researches, popularising traditional Chinese culture, facilitating the cultural exchange with its foreign counterparts, and funding activities which promote traditional Chinese culture. She served as an executive vice president of Dong Yuan Hong Kong International Limited, which is principally engaged in strategic investments, consulting, financial services, logistics and trading business, responsible for its operation management from March 2011 to June 2012.

Ms. Fan graduated from Murdoch University in Australia with a master's degree in business administration in March 2001.

Mr. Chu Kin Wang Peleus ("Mr. Chu"), aged 55, was appointed as an INED on 21 September 2015 and is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination and Corporate Governance Committee. Since December 2008, he has been the executive director responsible for investor relationship, financial management and compliance matters of Chinese People Holdings Company Limited (stock code 0681:HK), which is a company principally engaged in the sales and distribution of natural gas and liquefied petroleum gas in China and whose shares are listed on the Stock Exchange. From August 2015 to February 2017, he was a non-executive Director of Perfect Group International Holdings Limited (stock code 3326:HK), whose shares are listed on the Stock Exchange. Mr. Chu has/had been an independent non-executive director of the following companies, whose shares are listed on the Main Board of the Stock Exchange or GEM:

- China Huishan Dairy Holdings Company Limited (stock code 6863:HK) from June 2017 to December 2017
- PT International Development Corporation Limited (stock code 372:HK) from March 2017 to September 2017
- Mingfa Group (International) Company Limited (stock code 846:HK) since November 2016
- Telecom Service One Holdings Limited (stock code 3997:HK) from May 2013 to December 2017
- SuperRobotics Limited (stock code 8176:HK) since March 2012
- China First Capital Group Limited (stock code 1269:HK) since October 2011
- Flyke International Holdings Ltd. (stock code 1998:HK) since February 2010
- Huayu Expressway Group Limited (stock code 1823:HK) since May 2009
- Tianli Holdings Group Limited (stock code 117:HK) since April 2007

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Chu graduated from the University of Hong Kong with a master's degree in business administration in December 1998. Mr. Chu is a fellow practicing member of HKICPA, an associate member of the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute.

Dr. Lau Reimer, Mary Jean ("Dr. Lau"), aged 56, was appointed as an INED on 4 June 2019 and is also a member of each of the the Audit Committee, Remuneration Committee and the Nomination and Corporate Governance Committee. Dr. Lau has been a solicitor of Cheung & Co., Solicitors since July 2017. She was a partner of Reimer & Partners from May 2004 to June 2014. Dr. Lau is admitted as solicitor in Hong Kong and England and Wales and has over 18 years of post-qualification legal experience.

Dr. Lau obtained her master of laws from the University of Hong Kong in 2001 and her doctorate degree in civil and commercial law from the China University of Political Science and Law in 2006. Dr. Lau is the Honourable Treasurer of the University of Hong Kong SPACE Alumni Association, a committee member of Youth Criminal Study Trust and a legal adviser of a number of organisations and associations.

SENIOR MANAGEMENT

Ms. Cheng Suk Kuen ("Ms. Cheng") joined as financial controller of a subsidiary of the Group, Madison (China) Limited on 21 May 2020. She is principally responsible for financial and accounting matters of the Group.

Ms. Cheng is a member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia. She holds a Master degree in Corporate Finance and a Bachelor's degree of commerce. Ms. Cheng has extensive experience in finance, accounting and corporate secretarial functions.

COMPANY SECRETARY

Mr. Young Ho Kee Bernard ("Mr. Young") was appointed as the company secretary of the Company on 11 November 2019. He is responsible for handling the company secretarial matters of the Group.

Mr. Young is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). He has extensive experience in company secretarial matters.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Company and its subsidiaries (collectively, the "Group") is principally engaged in (i) the retail sales and wholesales of a wide spectrum of wine products and other alcoholic beverages in Hong Kong with a focus on red wine (the "Wine Business"); (ii) the provision of auction of alcoholic beverages (the "Wine Auction Business"); (iii) the provision of financial services (the "Financial Services Business"); (iv) the provision of blockchain services and cryptocurrency mining business (the "Blockchain Services Business"); and (v) the provision of loan financing and consultancy services (the "Loan Financing Business").

The Group's revenue decreased by approximately 35.1% to approximately HK$201.5 million (2019: approximately HK$310.4 million). The Group recorded a loss of approximately HK$318.3 million, compared to the loss of approximately HK$419.7 million recorded in the year ended 31 March 2019, equivalent to a decrease of about 24.2%. The Group faced an uncertain and challenging external market environment in the year. The business performance of the Group had been adversely affected by (i) the economic slowdown in Mainland China and Hong Kong; (ii) the on-going China-US trade frictions, (iii) the social unrest in Hong Kong since mid of 2019; and (iv) the outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020. The Group ceased its operation in the cryptocurrency mining business in Europe on 22 January 2020. For details, please refer to the announcement of the Company dated 22 January 2020.

FINANCIAL REVIEW

During the year, the Group's revenue amounted to approximately HK$201.5 million (2019: approximately HK$310.4 million), representing a decrease of approximately HK$108.9 million or 35.1% as compared with last year. The revenue included (i) approximately HK$69.4 million (2019: approximately HK$114.2 million) from the Wine Business; (ii) approximately HK$4.9 million (2019: approximately HK$3.7 million) from the Wine Auction Business; (iii) approximately HK$10.5 million (2019: approximately HK$21.7 million) from the Financial Services Business; (iv) approximately HK$30.1 million (2019: approximately HK$29.4 million) from the Blockchain Services Business; and (v) approximately HK$86.6 million (2019: approximately HK$141.4 million) from the Loan Financing Business.

Gross profit was approximately HK$103.6 million (2019: approximately HK$175.6 million), representing a decrease of approximately 41.0% as compared with last year. The decrease in gross profit was mainly due to decrease in revenue from Wine Business and Loan Financing Business. In response to the decrease in revenue, the Group took efforts in controlling the cost of operations and administrative and other operating expenses. Gross profit margin was slightly decreased to approximately 51.4% (2019: approximately 56.6%). Administrative and other operating expenses was approximately HK$67.5 million (2019: approximately HK$85.7 million), representing a decrease of approximately 21.2% as compared with last year.

The finance costs amounted to approximately HK$55.5 million (2019: approximately HK$38.1 million) which were mainly incurred on convertible bonds, promissory note, other borrowings and loans.

Loss was approximately HK$318.3 million (2019: approximately HK$419.7 million), representing a decrease by approximately 24.2% as compared with last year. The decrease in the loss was mainly attributable to gain on disposal of subsidiaries of approximately HK$144.2 million (2019: Nil). The loss included (i) impairment loss recognised on goodwill and plant and equipment arising from Blockchain Services Business of approximately HK$257.4 million and HK$21.8 million respectively (2019: approximately HK$173.3 million and HK$120.1 million respectively) and (ii) net impairment recognised on loan and interest receivables in respect of the Loan Financing Business of approximately HK$51.1 million (2019: approximately HK$6.5 million).

FINANCIAL REVIEW *(Continued)*

Liquidity and Financial Resources

As at 31 March 2020, the Group's net current assets were approximately HK$84.8 million (2019: approximately HK$76.4 million), including cash and cash equivalents of approximately HK$42.0 million (2019: approximately HK$48.4 million). The Group had both interest-bearing and non-interest bearing borrowings, which mainly comprised borrowings, convertible bonds, promissory notes payables, loan from a subsidiary of non-controlling shareholder, director and related company amounted to approximately HK$538.8 million (2019: HK$838.6 million). The Group's financial resources were funded mainly by loans and its shareholders' funds.

As at 31 March 2020, the Group's current ratio, as calculated by dividing current assets by current liabilities, was approximately 1.2 times (2019: approximately 1.1 times) and the gearing ratio, as measured by the debts of non-trade nature divided by total equity, was approximately 272.2%* (2019: approximately 181.4%). The increase of the gearing ratio was because of the drop of total equity of the Company.

Foreign Currency Exposure

As at 31 March 2020, the Group had certain bank balances and payables denominated in foreign currencies, mainly Renminbi ("RMB"), Japanese Yen ("JPY"), Euro ("EUR") and Pound sterling ("GBP"), which exposed the Group to foreign currency risk. 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 arise.

Treasury Policy

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Capital Structure

Details of movements in the Company's share capital are set out in note 35 to the consolidated financial statements.

Capital Commitments

During the year under review, the Group did not have any capital commitments (2019: Nil).

Contingent Liabilities

During the year under review, the Group did not have any contingent liabilities (2019: Nil).

Charges on Group Assets

Details of charges on the Group assets are set out in note 32 to the consolidated financial statements.

Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: nil).

Impairment assessment of intangible assets

Details of impairment assessment of intangible assets are set out in note 19 to the consolidated financial statements.

The impairment assessment on license with indefinite useful life is based on a valuation by an independent professional valuer, there is no impairment loss has been recognised for the year ended 31 March 2020.

* Excluded derivative financial instruments and lease liabilities

SIGNIFICANT INVESTMENTS, MATERIAL DISPOSALS AND ACQUISITIONS OF SUBSIDIARIES

A. Significant Investments

Details of significant held-for-trading financial assets:

Name of investments	Note	Fair value as at 31 March 2020 HK$'000	Fair value as at 31 March 2019 HK$'000	% to the total assets of the Group as at 31 March 2020	% to the total assets of the Group as at 31 March 2019	% to the interest in the respective investments as at 31 March 2020	% to the interest in the respective investments as at 31 March 2019	Gain/(loss) on disposal/ redemption 2020 HK$'000	Gain/(loss) on disposal/ redemption 2019 HK$'000
China New City Commercial Development Limited (1321) ("CCC")	1	–	–	N/A	N/A	N/A	N/A	–	(1,026)
Remixpoint Inc. (Japan 3825) ("REM")	2	–	–	N/A	N/A	N/A	N/A	–	(37,511)
TOMO Holdings Limited (8463) ("TWD")	3	–	–	N/A	N/A	N/A	N/A	–	885
Zhao Zhaojin (7007) ("ZZJ")	4	–	–	N/A	N/A	N/A	N/A	150	300
Tencent Holdings Limited (700) ("THL")	5	–	361	N/A	0.02%	N/A	0.00%	91	–
AAC Technologies Holdings Inc. (2018) ("AAC")	6	–	232	N/A	0.02%	N/A	0.00%	10	–
GF Money Bag Money Market Fund (000509) ("GFMBMMF")	7	–	26,746	N/A	1.74%	N/A	0.19%	71	243
GF Huoqibao Monetary Fund A (000748) ("GFHQBMF A")	8	–	–	N/A	N/A	N/A	N/A	96	–
GF Huoqibao Monetary Fund B (003281) ("GFHQBMF B")	9	–	–	N/A	N/A	N/A	N/A	291	–
		–	27,339					709	(37,109)

Note:

1. CCC and its subsidiaries are principally engaged in commercial development, leasing and hotel operations. In view of the trend of the share price of CCC, the Group disposed of its entire shareholding in CCC and recorded a realised loss of approximately HK$1,026,000 during the year ended 31 March 2019.

2. REM and its subsidiaries are principally engaged in the development and sale of energy management solutions, and energy-saving support consulting services and virtual currency trading platform business and hotel-related business in Japan. In view of the trend of the share price of REM, the Group disposed of its entire shareholding in REM and recorded a realised loss of approximately HK$37,511,000 during the year ended 31 March 2019.

3. TWD and its subsidiaries are principally engaged in the (i) design, manufacture, supply and installation of passenger vehicle leather upholstery; and (ii) supply and installation of vehicle electronic accessories in Singapore. In view of the trend of the share price of TWD, the Group disposed of its entire shareholding in TWD and recorded a realised gain of approximately HK$885,000 during the year ended 31 March 2019.

SIGNIFICANT INVESTMENTS, MATERIAL DISPOSALS AND ACQUISITIONS OF SUBSIDIARIES *(Continued)*

A. Significant Investments *(Continued)*

Note: (Continued)

4. ZZJ is a financial product launched by China Merchants Bank. During the year ended 31 March 2020, the Group recorded a realised gain of approximately HK$150,000 (2019: approximately HK$300,000) for the investment in ZZJ.

5. THL and its subsidiaries ("THL Group") are principally engaged in the provision of value-added services and online advertising services to users in the People's Republic of China (the "PRC"). During the year ended 31 March 2020, the Group has recorded a realised gain of approximately HK$91,000 for the investment in the shares of THL (2019: Nil).

6. AAC and its subsidiaries ("AAC Group") are principally engaged in offering cutting-edge advanced miniaturized technology components to the consumer electronics industry worldwide. During the year ended 31 March 2020, the Group recorded a realised gain of approximately HK$10,000 for the investment in the shares of AAC (2019: Nil).

7. GFMBMMF is an open-end fund incorporated in the PRC. Its objective is to outperform its benchmark, as well as maintaining assets liquidity and preserving capital. During the year ended 31 March 2020, the Group recorded a realised gain of approximately HK$71,000 (2019: approximately HK$243,000), for the investment in the shares of GFMBMMF.

8. GFHQBMF A is a financial product launched by GF Fund Management Company Limited. During the year ended 31 March 2020, the Group recorded a realised gain of approximately HK$96,000 for the investment in the shares of GFHQBMF A (2019: Nil).

9. GFHQBMF B is a financial product launched by GF Fund Management Company Limited. During the year ended 31 March 2020, the Group recorded a realised gain of approximately HK$291,000 (2019: Nil) for the investment in the shares of GFHQBMF B.

SIGNIFICANT INVESTMENTS, MATERIAL DISPOSALS AND ACQUISITIONS OF SUBSIDIARIES *(Continued)*

B. Disposals

On 27 August 2019, the Group disposed all of its 55% equity interest in Novel Idea Holdings Limited ("Novel Idea") for the consideration of HK$45.0 million. Prior to the disposal of Novel Idea, Novel Idea together with its wholly-owned subsidiaries were principally engaged in software development and operation of an online cryptocurrency derivative trading platform. Upon completion of disposal of Novel Idea on 27 August 2019, the Group ceased to hold any equity interest in Novel Idea and its result was no longer consolidated into the consolidated financial statements of the Group.

On 23 December 2019, CVP Financial Holdings Limited ("CVP Financial"), a direct non wholly-owned subsidiary of the Company, entered into an agreement (the "2019 Agreement") with Mr. Ding Lu in respect of the disposal of 49% equity interest in Bartha International Limited ("Bartha") at the consideration of HK$45,000,000, which was payable by Mr. Ding Lu in cash on completion of such disposal.

However, on 15 January 2020, CVP Financial, entered into a deed of settlement (the "Deed of Settlement") with Mr. Ding Lu, pursuant to which CVP Financial had agreed to pay to Mr. Ding Lu a settlement sum in an amount of HK$1,000,000 (the "Settlement Sum") within 10 business days from the date of the Deed of Settlement. Pursuant to the Deed of Settlement, CVP Financial and Mr. Ding Lu should be released and discharged from their respective duties, obligations and liabilities as set out in the 2019 Agreement, and the 2019 Agreement should be terminated with effect from the date of settlement of the Settlement Sum.

Further, on 15 January 2020, CVP Financial entered into two conditional sale and purchase agreements with each of Mr. Zuo Tao and Ms. Zhang Fengge, pursuant to which CVP Financial had conditionally agreed to sell, and each of Mr. Zuo Tao and Ms. Zhang Fengge had conditionally agreed to purchase, 20% and 29% equity interest in Bartha at the consideration of HK$20,408,163 and HK$29,591,837, respectively ("Bartha Disposals"). Completion of Bartha Disposals took place on 17 January 2020, upon which Bartha and its subsidiary, ceased to be subsidiaries of the Company and their financial results would not be consolidated into the financial statements of the Group.

On 22 January 2020, the Group disposed all of its equity interest in Madison Future Games Limited ("Future Games") and the sale loan in the amount of approximately HK$24,543,000 at the cash consideration of HK$1.00. Prior to the disposal of Future Games, Future Games together with its non-wholly-owned subsidiaries were principally engaged in cryptocurrency mining business. Upon Completion of disposal of Future Games on 22 January 2020, the Group ceased to hold any equity interest in Future Games and its result was no longer consolidated into the consolidated financial statements of the Group. Meanwhile, the Group has also ceased its operation in the cryptocurrency mining business in Europe.

On 18 February 2020, CVP Financial, as vendor, entered into a sale and purchase agreement with Ms. Li Li, as purchaser, pursuant to which the purchaser had agreed to acquire and CVP Financial had agreed to sell the exchangeable bond issued by Bartha Holdings Limited to CVP Financial, which entitled the CVP Financial to exchange for 51% of the entire issued share capital of Bartha ("Bartha Shares") with the maturity date falling on 27 July 2022 ("Exchangeable Bond"), at cash consideration of HK$67,000,000. Completion of the disposal of the Exchangeable Bond took place on 18 February 2020, upon which, CVP Financial had disposed its exchange right to exchange all Bartha Shares owned by Bartha Holdings Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS, MATERIAL DISPOSALS AND ACQUISITIONS OF SUBSIDIARIES *(Continued)*

C. Acquisitions

During the year, BITOCEAN Co., Ltd. ("BITOCEAN") further issued its shares to Madison Lab Limited and the Group's shareholding was increased to approximately 94.9%. BITOCEAN is incorporated in Japan and is a registered virtual currency exchange service provider in Japan. It is engaged in business of blockchain services. CVP Capital Limited ("CVP Capital") further issued its shares to CVP Financial and the Group's shareholding was increased to approximately 60.0%. CVP Capital is incorporated in Hong Kong with limited liability and is engaged in provision of consultancy services in financial field.

Save as disclosed above, the Group had no significant investment and no material disposal or acquisition during the year.

Future Plans for Material Investments or Capital Assets

During the year under review, the Group did not have any concrete future plans for material investments or capital assets as at 31 March 2020.

SEGMENT INFORMATION

The Group's business comprises five principal segments, namely (i) the Wine Business; (ii) the Wine Auction Business; (iii) the Financial Services Business; (iv) the Blockchain Services Business; and (v) the Loan Financing Business which accounted for approximately 34.5%, 2.4%, 5.2%, 14.9% and 43.0% (2019: approximately 36.8%, 1.2%, 7.0%, 9.5% and 45.5%) of the total revenue respectively.

During the year under review, despite the Group recording a decrease in revenue in the Wine Business and Financial Services Business approximately HK$44.8 million and HK$11.2 million respectively, revenue from the Wine Auction Business recorded an increase of approximately 32.4% or HK$1.2 million to approximately HK$4.9 million in the current year (2019: approximately HK$3.7 million). Revenue from Blockchain Services Business recorded a slight increase of approximately 2.4% or HK$0.7 million to approximately HK$30.1 million in the current year (2019: approximately 29.4 million).

For Loan Financing Business, the emergence of unfavourable market conditions as noted in the sub-section headed "Business Review" above resulted in both a slowdown in revenue and an increase in impairment allowances on loan receivables. The Group recorded a decrease of revenue approximately 38.8% or HK$54.8 million to approximately HK$86.6 million (2019: approximately HK$141.4 million) and an increase of impairment allowances approximately HK$51.1 million (2019: approximately HK$6.5 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's result of operations may fluctuate significantly from time to time due to seasonality and other factors. The directors of the Group are aware that the Group is exposed to various risks and the principal risks and uncertainties are summarized below.

This summary should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties faced by the Group, but rather those risks which the Group currently believes may have a significant impact on the Group's performance and future prospects.

The Wine Business	(i)	slow-moving inventory
	(ii)	product liability claims
	(iii)	fluctuation in the foreign currency exchange rates
The Wine Auction Business	(i)	depreciation of wines
	(ii)	failing to recognise the counterfeit wines
The Financial Services Business	(i)	withdrawals and terminations of projects or defaults or delays in payments by clients
	(ii)	failure to retain and motivate key management personnel to conduct business
	(iii)	exposure to professional liability and litigation
The Loan Financing Business	(i)	customer or counterparty to a financial instrument failing to meet its contractual obligations
	(ii)	uncertainties in the government policy, relevant regulations and guidelines established by the regulatory authorities
The Blockchain Services Business	(i)	uncertainties in the regulatory and economic conditions of countries in which the Group operates
	(ii)	uncertainties over both the timing and amount of the consideration that the Group will receive for undertaking cryptocurrency mining activities
	(iii)	availability of necessary equipment, supplies and manpower for cryptocurrency mining

EMPLOYEE AND REMUNERATION POLICIES

As at 31 March 2020, the Group employed 145 employees (2019: 218). The Group determines the employees' remuneration based on factors such as qualification, duty, contributions and years of experience. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training courses. Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. In addition, each of the sales team members is entitled to a commission with reference to the sales volume achieved by them. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to building an environmentally-friendly corporation and always takes the environmental protection issues into consideration during daily operation. The Group does not produce material waste nor emit material quantities of air pollutants. The Group also strives to minimise the adverse environmental impacts by encouraging the employees to recycle office supplies and other materials and to save electricity.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company itself is an investment holding company listed on GEM operated by the Stock Exchange. The operations of the Group are mainly carried out by the Company's subsidiaries in the PRC, Hong Kong and Japan. As such, the Group's operations shall comply with relevant laws and regulations in the PRC, Hong Kong and the Japan accordingly. During the year, the Group has complied with all applicable laws and regulations in the PRC, Hong Kong and the Japan in all material respects. The Group shall continue to keep itself updated with the requirements of the relevant laws and regulations in the PRC, Hong Kong and the Japan and adhere to them to ensure compliance.

BUSINESS PROSPECT

The Group has commenced Wine Auction Business since 2018. The Directors believe that the Group can further strengthen its position in the high-end fine wine business through its Wine Auction Business, and can better leverage its cash position through receiving consignments provided by the consignors to the Wine Auction Business.

The Directors will continue to seek suitable investment opportunities so as to broaden the source of income of the Group and diversify the Group's business portfolio. For any potential acquisition, the Group will evaluate the target company to be acquired as well as the intrinsic value of the acquisition. At the end of March 2019, the Group completed the acquisition of Loan Financing Business which is the prime opportunity for the Company to enter the loan financing services industry. Following the completion of such acquisition, the Company intends to strengthen the development of the Loan Financing Business which will help diversifying the businesses, building a stronger business foundation and enlarging the source of income of the Group, thereby creating value for the shareholders of the Company.

The outlook remains highly uncertain due to unfavourable market conditions as noted in the sub-section headed "Business Review" above. The Board and all our staff will carry on with the spirit of dedication and diligence, to provide high-quality products and services as well as to find new direction and potential business collaboration to reduce the impact as well as creating more value for shareholders.

The Board is pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2020 (the "Year").

BUSINESS REVIEW

The business review of the Group for the Year is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this report.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities of the Company's principal subsidiaries are set out in note 8 to the consolidated financial statements.

Analysis of the performance by the Group for the Year by business and geographical segments is set out in note 8 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 35 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated income statement on page 48 to 49 of this report.

The Board does not recommend the payment of a final dividend for the Year (2019: nil).

DIVIDEND POLICY

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the Articles and Association of the Company (the "Articles and Association"). Subject to compliance with applicable laws, rules, regulations and the Articles and Association, in deciding whether to propose any dividend payout, the Board will take into account the Group's financial results, the earnings and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the development plans of the Company.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "AGM") is scheduled to be held on Friday, 31 July 2020. For the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 28 July 2020 to Friday, 31 July 2020 (both dates inclusive), during which period no transfer of Shares will be registered. In order for a Shareholder to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 July 2020.

DIRECTORS' REPORT

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 190 of this report.

SHARE OPTIONS

Details of the Company's share option scheme adopted by the Shareholders on 21 September 2015 (the "Share Option Scheme") and the movement in the Company's share options held by the Directors during the Year are set out in note 45 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and Association and there is no restriction against such rights under the laws of Bermuda.

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

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

RESERVES

Movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on notes 49 to the consolidated financial statements respectively.

PLANT AND EQUIPMENT

Details of the movements in the plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statements respectively.

DIRECTORS

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

Executive Directors

Mr. Chen Ying-chieh	*(appointed as Executive Director, Chairman and Chief Executive Officer on 19 November 2019)*
Mr. Hankoo Kim	*(appointed as Executive Director on 19 November 2019)*
Mr. Zhu Qin	*(resigned as Executive Director and Deputy Chairman on 19 November 2019)*
Ms. Kuo Kwan	
Mr. Zhang Li	*(re-designated as Executive Director on 22 November 2019)*
Mr. Ting Pang Wan Raymond	*(resigned as Executive Director and Chairman on 3 October 2019)*
Mr. Zhou Francis Bingrong	*(resigned as Executive Director and Chief Executive Officer on 3 October 2019)*

Non-Executive Directors

Mr. Ip Cho Yin, *J.P*	
Mr. Ji Zuguang	*(appointed as non-executive Director and Chairman on 3 October 2019 and ceased as Chairman on 19 November 2019)*
Mr. Zhang Li	*(appointed as non-executive Director on 3 October 2019 and re-designated as Executive Director on 22 November 2019)*

Independent Non-Executive Directors

Ms. Fan Wei	
Mr. Chu Kin Wang Peleus	
Dr. Lau Reimer, Mary Jean	*(appointed as independent non-executive Director on 4 June 2019)*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Group are set out on pages 5 to 8 of this report.

DIRECTORS' SERVICE CONTRACTS AND APPOINTMENT LETTERS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years which are automatically renewed for successive terms of one year each upon expiry of the then current term and shall be terminated by either party giving to the other not less than three months' notice in writing.

Each of the non-executive Directors has entered into a letter of appointment with the Company for a term of three years.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Director's interests in transactions, arrangements or contracts

Save for the Directors' service contracts as disclosed in this report and the granting of share options to the Directors, details of which is set out in note 45 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and the five highest paid individuals of the Group during the Year are set out in notes 13 and 14 to the consolidated financial statements respectively.

EMOLUMENT POLICY

The Directors are paid fees in line with market practice. The Group adopted the following main principles in determining the remuneration of the Directors and other employees:

- No individual should determine his or her own remuneration;
- Remuneration should be broadly aligned with companies with whom the Group competes for human resources;
- Remuneration should reflect performance and responsibility with a view to motivating and retaining high performing individuals and enhancing the value of the Company to its Shareholders; and
- Share options grants to the senior management or staff as incentives for their contribution to the growth and development of the Group in the intermediate to longer time frame.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2020, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) Long Position in the Shares, Underlying Shares or Debentures of the Company

Name of Director	Capacity/ Nature of interest	Number of Shares interested	Number of underlying shares pursuant to share options	Aggregate interests	Approximate percentage of the Company's issued Shares*
Mr. Chen Ying-chieh ("Mr. Chen")	Beneficial owner	–	51,900,000 *(Note 2)*	51,900,000	0.999%
Mr. Hankoo Kim ("Mr. Kim")	Beneficial owner	–	51,900,000 *(Note 2)*	51,900,000	0.999%
Ms. Kuo Kwan ("Ms. Kuo")	Beneficial owner	–	18,000,000 *(Notes 1 and 2)*	18,000,000	0.347%
Mr. Zhang Li ("Mr. Zhang")	Beneficial owner	–	1,000,000 *(Note 2)*	7,904,000	0.15%
	Interest of spouse	6,904,000 *(Note 3)*	–	–	0.131%
Mr. Ji Zuguang ("Mr. Ji")	Beneficial owner	–	1,000,000 *(Note 2)*	33,633,786	0.65%
	Interest in a controlled corporation	32,633,786 *(Note 4)*	–	–	0.631%
Ms. Fan Wei ("Ms. Fan")	Beneficial owner	–	300,000 *(Note 1)*	300,000	0.006%
Mr. Chu Kin Wang Peleus ("Mr. Chu")	Beneficial owner	–	300,000 *(Note 1)*	300,000	0.006%
Mr. Ip Cho Yin, *J.P.* ("Mr. Ip")	Beneficial owner	–	1,300,000 *(Note 1 and 2)*	1,300,000	0.025%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

(i) Long Position in the Shares, Underlying Shares or Debentures of the Company *(Continued)*

Notes:

1. On 3 April 2018, the Company granted a total of 12,900,000 share options entitling the following persons to subscribe for a total of 12,900,000 Shares at the exercise price of HK$1.89 per Share:

   a. 5,000,000 share options (carrying the right to subscribe for 5,000,000 Shares) were granted to Ms. Kuo in her capacity as an executive Director;

   b. 300,000 share options (carrying the right to subscribe for 300,000 Shares) were granted to Mr. Ip in his then capacity as an independent non-executive Director ("INED"). He was re-designated as a non-executive Director ("NED") on 7 March 2019;

   c. 300,000 share options (carrying the right to subscribe for 300,000 Shares) were granted to Ms. Fan in her capacity as an INED; and

   d. 300,000 share options (carrying the right to subscribe for 300,000 Shares) were granted to Mr. Chu in his capacity as an INED.

2. On 6 December 2019, the Company granted a total of 355,400,000 share options entitling the following persons to subscribe for a total of 355,400,000 Shares at the exercise price of HK$0.207 per Share:

   a. 51,900,000 share options (carrying the right to subscribe for 51,900,000 Shares) were granted to Mr. Chen in his capacity as an executive Director, chairman and chief executive officer;

   b. 51,900,000 share options (carrying the right to subscribe for 51,900,000 Shares) were granted to Mr. Kim in his capacity as an executive Director;

   c. 13,000,000 share options (carrying the right to subscribe for 13,000,000 Shares) were granted to Ms. Kuo in her capacity as an executive Director;

   d. 1,000,000 share options (carrying the right to subscribe for 1,000,000 Shares) were granted to Mr. Zhang in his capacity as an executive Director;

   e. 1,000,000 share options (carrying the right to subscribe for 1,000,000 Shares) were granted to Mr. Ji in his capacity as an non-executive Director;

   f. 1,000,000 share options (carrying the right to subscribe for 1,000,000 Shares) were granted to Mr. Ip in his capacity as an non-executive Director;

3. Ms. Chen Hua is the spouse of Mr. Zhang. Mr. Zhang is deemed to be interested in the Shares in which Ms. Chen Hua is interested in by virtue of the SFO.

4. Plan Marvel Investment Limited ("Plan Marvel"), being a company incorporated in the British Virgin Islands with limited liability, is wholly-owned by Mr. Ji. Mr. Ji is deemed to be interested in 32,633,786 Shares held by Plan Marvel by virtue of the SFO.

* The number of issued Shares of the Company as at 30 September 2019 is 5,192,726,898 Shares.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 31 March 2020, other than the Directors and chief executive of the Company, the following persons or corporations had interests and short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Capacity/Nature of interest	Note	Number of Shares interested	Number of underlying shares pursuant to share options	Aggregate interests	Approximate percentage of the Company's issued shares* *(Note 9)*
Royal Spectrum Holding Company Limited ("Royal Spectrum")	Beneficial owner	1, 2 & 5	1,968,000,000	–	1,968,000,000	37.90%
Devoss Global	Interest in controlled corporation	1, 2 & 4	1,968,000,000	6,000,000	1,974,000,000	38.01%
CVP Financial Group Limited ("CVP")	Beneficial owner	3 & 5	504,872,727	–	504,872,727	9.72%
Ms. Luu Huyen Boi ("Ms. Luu")	Interest of spouse	6	2,124,407,636	–	2,124,407,636	50.63%
SRA	Beneficial owner	7	447,045,454	–	447,045,454	8.61%
SRA Holdings	Interest in controlled corporation	7	447,045,454	–	447,045,454	8.61%
Atlantis Capital Holdings Limited ("ACHL")	Interest in controlled corporations	8	372,645,000	–	372,645,000	7.18%
Ms. Liu Yang ("Ms. Liu")	Interest in controlled corporations	8	372,645,000	–	372,645,000	7.18%
Ample Cheer Limited ("Ample Cheer")	Interest in controlled corporations	9	2,213,236,382	–	2,213,236,382	42.62%
Best Forth Limited ("Best Forth")	Interest in controlled corporations	9	2,213,236,382	–	2,213,236,382	42.62%
Chu Yuet Wah ("Mrs. Chu")	Interest in controlled corporations	9	2,213,236,382	–	2,213,236,382	42.62%
Kingston Finance Limited ("Kingston")	Interest in controlled corporations	9	2,213,236,382	–	2,213,236,382	42.62%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company *(Continued)*

Notes:

1. The entire issued share capital in Royal Spectrum is legally and beneficially owned as to 96.63% by Devoss Global and 3.37% by Montrachet. Devoss Global is legally and beneficially owned by Mr. Ting. Devoss Global is deemed to be interested in the Shares held by Royal Spectrum. Mr. Ting is a director of both Royal Spectrum and Devoss Global. Mr. Zhu is a director of Royal Spectrum.

2. On 27 November 2018, Royal Spectrum pledged 199,600,000 ordinary shares in favour of an independent third party as a security of a loan in the amount of JPY2,000,000,000.

3. CVP is wholly-owned by Mr. Ting. Mr. Ting is deemed to be interested in all the Shares held by CVP. Mr. Ting is deemed to be interested in the Shares in which CVP is interested in under Part XV of the SFO.

4. The underlying shares represent 6,000,000 share options granted to Devoss Global on 17 December 2015.

5. On 5 July 2019, Royal Spectrum and CVP pledged 1,708,363,655 Shares and 504,872,727 Shares respectively in favour of an independent third party as a security of a loan in the amount of HK$106,000,001 provided by the independent third party to the Company as general working capital.

6. Ms. Luu is the spouse of Mr. Ting. Ms. Luu is deemed to be interested in all the Shares and underlying shares in which Mr. Ting is interested in under Part XV of the SFO.

7. SRA is directly wholly-owned by SRA Holdings. SRA Holdings is deemed to be interested in the Shares in which SRA is interested in under Part XV of the SFO.

8. Based on the notices of disclosure of interest filed by ACHL and Ms. Liu on 24 December 2019, they are indirectly interested in 372,645,000 Shares held by their wholly owned subsidiaries under Part XV of the SFO.

9. Based on the notices of disclosure of interest filed by Ample Cheer, Best Forth, Mrs. Chu and Kingston on 9 July 2019, Mrs. Chu, Ample Cheer and Best Forth are deemed to be interested in 2,213,236,382 shares of the Company in which Kingston has an interest.

Save as disclosed above, as at 31 March 2020, the Directors are not aware of any substantial shareholders or other persons or corporations (other than the Directors and chief executive of the Company) who/which had any interests or short positions in the Shares or underlying shares of the Company or any of its associated companies which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Share Option Scheme

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") pursuant to a written resolution of the Shareholders passed on 21 September 2015 (the "Adoption Date"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

The Remaining Life of the Scheme

The Share Option Scheme shall be valid and effective for a period of 10 years from the Adoption Date until 20 September 2025.

Details of movements of the share options granted under the Share Option Scheme during year ended 31 March 2020 were as follows:

				Number of share options			
Category	Date of Grant	Exercise period	Exercise price per Share	As at 1 April 2019	Granted during the year	Exercised/ Cancelled/ Lapsed/ Reclassified during the period	As at 31 March 2020
Devoss Global *(Note 3)*	17 December 2015	17 June 2016 to 16 December 2025	HK$0.80 *(Note 1)*	6,000,000	–	–	6,000,000
Montrachet *(Note 4)*	17 December 2015	17 June 2016 to 16 December 2025	HK$0.80 *(Note 1)*	15,000,000	–	–	15,000,000
Directors							
Mr. Chen	6 December 2019	*(Note 5)*	HK$0.207	–	51,900,000	–	51,900,000
Mr. Kim	6 December 2019	*(Note 5)*	HK$0.207	–	51,900,000	–	51,900,000
Ms. Kuo	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	5,000,000	–	–	5,000,000
	6 December 2019	*(Note 5)*	HK$0.207	–	13,000,000	–	13,000,000
Mr. Zhang	6 December 2019	*(Note 5)*	HK$0.207	–	1,000,000	–	1,000,000
Mr. Ip	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	300,000	–	–	300,000
	6 December 2019	*(Note 5)*	HK$0.207	–	1,000,000	–	1,000,000
Mr. Ji	6 December 2019	*(Note 5)*	HK$0.207	–	1,000,000	–	1,000,000
Ms. Fan	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	300,000	–	–	300,000
Mr. Chu	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	300,000	–	–	300,000
Mr. Zhu Qin	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	2,000,000	–	2,000,000	–

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

The Remaining Life of the Scheme *(Continued)*

Category	Date of Grant	Exercise period	Exercise price per Share	Number of share options: As at 1 April 2019	Granted during the year	Exercised/ Cancelled/ Lapsed/ Reclassified during the period	As at 31 March 2020
Consultants *(Note 6)*	17 December 2015	17 June 2016 to 16 December 2025	HK$0.80 *(Note 1)*	160,000,000	–	–	160,000,000
	3 April 2018 *(Note 6)*	1 January 2019 to 2 April 2028	HK$1.89	189,600,000	–	5,000,000	184,600,000
	13 December 2018	1 July 2019 to 12 December 2028	HK$1.12	48,000,000	–	–	48,000,000
	14 December 2018	1 July 2019 to 13 December 2028	HK$1.04	42,000,000	–	42,000,000	–
	6 December 2019	*(Note 5)*	HK$0.207	–	103,800,000	–	103,800,000
Employees	3 April 2018	1 January 2019 to 2 April 2028	HK$1.89	10,300,000	–	300,000	10,000,000
	16 August 2019	1 January 2020 to 15 August 2029	HK$0.325 *(Note 2)*	–	11,500,000	11,500,000	–
	6 December 2019	*(Note 5)*	HK$0.207	–	131,800,000	–	131,800,000
				478,800,000	366,900,000	60,800,000	784,900,000

Notes:

1. The share options granted on 17 December 2015 are exercisable from 17 June 2016. The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$7.10 per share and adjusted on 8 November 2016.

2. The share options granted on 16 August 2019 are exercisable from 1 January 2020. The exercise price of the share options was HK$0.325 per share. The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$0.310 per share.

3. Devoss Global is a company wholly-owned by Mr. Ting, being the controlling shareholder of Royal Spectrum, a substantial shareholder of the Company.

4. Montrachet, a company wholly-owned by Mr. Zhu Hui Xin, the father of Mr. Zhu Qin, and Montrachet is holding 3.37% shareholding interest in Royal Spectrum.

5. Exercise period: (i) 50% of the Options are exercisable from 6 December 2020 to 5 December 2029 (both days inclusive); and (ii) 50% of the Options are exercisable from 6 December 2021 to 5 December 2029 (both days inclusive).

6. Consultants are corporations which render consultancy services to the Group.

The Group recognised total expenses of approximately HK$7,763,000 million for the year ended 31 March 2020 (2019: approximately HK$29,049,000) relation to the share options granted by the Company.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles and Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their offices.

Such permitted indemnity provision has been in force throughout the year and is still in force. In addition, the Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

MAJOR CUSTOMERS

During the Year, the percentages of sales for the year ended 31st March 2020 attributable to the Group's customers are as follows:

Sales

– the largest customer 6.6% (2019: 4.4%)

– five largest customers combined 16.3% (2019: 16.7%)

So far as is known to the Directors, none of the Directors, their associates or substantial shareholders who/which owns more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest customers of the Group.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the Year, which constitute exempted connected transactions or continuing connected transactions under the GEM Listing Rules, are set out in note 46 to the consolidated financial statements.

GUARANTEED PROFIT

According to the consolidated financial statements of Bartha International Limited and CVP Securities Limited (formerly known as Eternal Pearl Securities Limited) (the "Bartha Group"), the audited consolidated profit attributable to owners of Bartha Group for the 24 months ended 31 March 2019 was HK$15,015,916, which is slightly higher than the guaranteed profit as disclosed in the circular of the Company dated 28 February 2018.

UNDERTAKING

As disclosed in the announcement of the Company dated 31 July 2018, the Group completed the acquisition of 51% equity interest in Diginex High Performance Computing Limited ("Diginex") (the "2018 Acquisition"). As disclosed in the circular of the Company dated 13 July 2018 and the announcements of the Company dated 22 January 2020 and 19 February 2020, Diginex Global Limited ("Diginex Global"), the minority shareholder of Diginex, undertook to Future Games, the then subsidiary of the Group, that Diginex shall produce 45,000 Ether during the 12-month period commencing from the date of the 2018 Completion (the "Undertaking"). If Diginex fails to deliver 45,000 Ether undertaken by Diginex Global, Future Games is entitled to claim Diginex Global for a compensation of the shortfall number of Ether within 24 months from the date of completion of the 2018 Acquisition. As further disclosed in the announcement of the Company dated 13 September 2019, the operation of the cryptocurrency mining rigs in the PRC Site has been on halt since January 2019, which contributed to Diginex Global's failure to meet the Undertaking. The shortfall was approximately 9,250 Ether. Pursuant to the terms and conditions of the sale and purchase agreement dated 22 January 2020 in respect of the disposal of the entire equity interest in Futures Games by the Group to an independent third party (the "Future Games Purchaser"), Future Games Purchaser has unconditionally and irrevocably undertaken and agreed to the Group that he shall, among other things, (a) procure Future Games to pursue, file or otherwise take all necessary claim(s), action(s) and/or legal proceeding(s) against Diginex Global in respect of the breach of the Undertaking (the "Ether Action") before 31 July 2020; and (b) he shall pay the Group the amounts recovered or paid to Future Games in relation to or arises out of the Ether Action after deducting all costs and expenses (including legal fees) properly and reasonably incurred by Future Games in relation to or arises out of the Ether Action actually paid by Future Games Purchaser (on behalf and for the benefit of Future Games). As at the date of this announcement, legal proceedings had not yet been taken by Future Games against Diginex Global in respect of the breach of Undertaking.

UNAUTHORISED DISPOSAL

The Group has filed a writ with the Shenzhen Qianhai Cooperation Zone People's Court against Diginex Global Limited ("Diginex Global"), the minority shareholder of Diginex, and 深圳市欣誠捷碩科技有限公司 (transliterated in English as Shenzhen Xincheng Jieshuo Technology Limited) (the "Management Company"), the management company of Diginex in the PRC, in relation to a disposal of all the cryptocurrency mining rigs in the operation site in the PRC owned by Diginex, unauthorisedly made by Diginex Global and the Management Company, without the Group's approval, consent and authorisation. The first arraignment was held on 14 November 2019 and such legal proceedings are expected to be completed in around 18 months from the date of the first arraignment. For details, please refer to the announcement of the Company dated 13 September 2019.

COMPETING INTERESTS

None of the Directors or the controlling Shareholders and their respective associates (as defined in the GEM Listing Rules) has an interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group during the Year.

DEED OF NON-COMPETITION

A deed of non-competition dated 29 September 2015 (the "Deed of Non-competition") was entered into among the Company and the controlling shareholders of the Company, namely by Royal Spectrum, Devoss Global and Mr. Ting, in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding certain noncompetition undertakings. Details of the Deed of Non-competition were disclosed in the section headed "Relationship with Controlling Shareholders" to the prospectus of the Company dated 29 September 2015.

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the GEM Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 March 2020.

AUDITOR

The consolidated financial statements of the Company for the Year have been audited by SHINEWING (HK) CPA Limited, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment. There has been no change in auditor in the past three years.

A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company will be proposed at the forthcoming AGM of the Company.

On behalf of the Board
Madison Group Holdings Limited
Chen Ying-chieh
Chairman

Hong Kong, 22 June 2020

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code contained in Appendix 15 of the GEM Listing Rules (as in effect from time to time) as its own code of corporate governance.

Following the re-designation of Mr. Ip Cho Yin *J.P.* as a non-executive Director on 7 March 2019, the Board had only two independent non-executive Director (the "INED"), the number of which falls below the minimum number required under Rule 5.05(1) and Rule 5.05A of the GEM Listing Rules, until the appointment of Dr. Lau Remier, Mary Jean as an INED on 4 June 2019.

According to the C.3.3(e)(i) of CG Code and the term of reference of the audit committee of the Company (the "Audit Committee"), the members of Audit Committee are required to meet the external auditor at least twice a year. However, the members of Audit Committee met once with the external auditor during the year ended 31 March 2020. The Company will arrange the members of the Audit Committee to meet with the external auditor at least twice a year.

Pursuant to Rule 5.14 of the GEM Listing Rules, the Company must appoint a company secretary. Upon the resignation of company secretary of Ms. Tse Ka Yan with effect from 7 September 2019, the Company failed to comply with Rule 5.14 of the GEM Listing Rules. Mr. Young Ho Kee Bernard was appointed as company secretary of the Company with effect from 11 November 2019 to fill the vacancy of the company secretary in order to ensure compliance by the Company with Rule 5.14 of the GEM Listing Rules.

Save as disclosed above as well as in this corporate governance report on page 34 regarding the deviation from code provision A.2.1 of the CG Code, the Company has complied with all the applicable code provisions as set out in the CG Code during the year ended 31 March 2020 and up to the date of this annual report. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Code on Securities Dealings"). The Company, having made specific enquiry of all the Directors, confirmed that all the Directors have complied with the required standard of dealings as set out in the Code on Securities Dealings for the year ended 31 March 2020.

BOARD OF DIRECTORS

Board composition

The Board is responsible for managing the Company on behalf of the Shareholders. The Board is of the view that it is the Directors' responsibility to create value for the Shareholders and safeguard the best interests of the Company and the Shareholders as a whole by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith.

BOARD OF DIRECTORS *(Continued)*

Board composition *(Continued)*

The primary functions of the Board include:

- deciding on the overall strategies, overseeing operational and financial performance and formulating appropriate policies to manage risk exposure associated with realising the strategies and goals of the Group;
- monitoring and reviewing the Group's corporate governance practices on compliance with legal and regulatory requirements, and renewing the Company's compliance with the CG Code;
- being held accountable for the internal control system of the Group and responsible for reviewing its effectiveness;
- being ultimately responsible for preparing financial accounts and discussing the performance, financial conditions and prospects of the Group in a balanced, clear and comprehensible manner. These responsibilities are applicable to quarterly, interim and annual reports of the Company, other price sensitive announcements published according to the GEM Listing Rules and disclosure of other financial information, reports submitted to regulatory bodies and information discloseable under statutory requirements;
- executive Directors, who oversee the overall business of the Group, are responsible for the daily management of the Group, the Board is responsible for affairs involving the overall policies, finance and Shareholders of the Company, namely financial statements, dividend policy, significant changes to accounting policies, annual operating budgets, material contracts, major financing arrangements, principal investment and risk management strategy. Implementation and execution of such decisions is delegated to the management; and
- regularly reviewing its own functions and the powers conferred upon executive Directors to ensure appropriate arrangements are in place.

The Board has overall responsibility for the leadership, strategic direction, control and performance of the Group and for promoting the success of the Group by directing and supervising its affairs. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

The management is well informed of its powers and duties with clear guidelines and instructions, in particular regarding situations under which reporting to the Board is necessary and matters that require the approval of the Board before any decisions or commitments can be made on behalf of the Company.

The Board currently comprises nine Directors, with four executive Directors, namely, Mr. Chen Ying-chieh (Chairman), Mr. Hankoo Kim, Ms. Kuo Kwan and Mr. Zhang Li, two non-executive Directors, namely, Ip Cho Yin, *J.P.* and Ji Zuguang and three independent non-executive Directors, namely, Ms. Fan Wei, Mr. Chu Kin Wang Peleus and Ms. Lau Reimer, Mary Jean. The biographies of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this report. The Directors, with relevant and sufficient experience and qualifications, have given sufficient time and attention to the affairs of the Group and have exercised due care and fiduciary duties in relation to the significant issues of overall business planning, management and strategic development of the Group.

To the knowledge of the Directors, the Board members have no material financial, business, family or other relevant relationships with each other.

BOARD OF DIRECTORS *(Continued)*

Independent Non-Executive Directors

During the Year, the Board at all times complied with the requirement of the GEM Listing Rules of having at least three independent non-executive Directors sit on the Board (more than one-third of the Board members) and at least one of them having appropriate professional accounting or related financial management expertise. All the independent non-executive Directors are appointed for a three-year term, and subject to rotation and re-election pursuant to the Articles of Association. Details of their appointment are referred to the section "Directors' Service Contracts and Appointment Letters" on page 20 of this report. Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to rule 5.09 of the GEM Listing Rules and the Company considers these Directors to be independent.

Board practice and conduct of meetings

The full Board meets at least four times a year, at approximately quarterly intervals, to review the financial performance, results of each period, material investments and other matters of the Group that require the resolution of the Board. Simultaneous communication methods may be used to improve attendance when individual Director cannot attend the meeting in person.

The attendance records of each Director and each member of the Board committees in 2019/2020 are as follows:

	Number of meetings attended/eligible to attend				
	Board	Audit Committee	Remuneration Committee	Nomination And Corporate Governance Committee	General Meeting
Executive Directors					
Mr. Ting Pang Wan Raymond *(resigned on 3 October 2019)*	6/6	N/A	1/1	3/3	1/1
Mr. Zhu Qin *(resigned on 19 November 2019)*	7/7	N/A	N/A	N/A	1/1
Mr. Zhou, Francis Bingrong *(resigned on 3 October 2019)*	4/4	N/A	N/A	N/A	1/1
Ms. Kuo Kwan	8/8	N/A	N/A	N/A	1/1
Mr. Chen Ying-chieh *(appointed on 19 November 2019)*	2/2	N/A	N/A	N/A	0/0
Mr. Hankoo Kim *(appointed on 19 November 2019)*	2/2	N/A	N/A	N/A	0/0
Mr. Zhang Li *(appointed on 3 October 2019 and re-designated on 22 November 2019)*	4/4	N/A	N/A	N/A	0/0
Non-Executive Directors					
Mr. Ip Cho Yin, *J.P.*	8/8	4/4	N/A	5/5	1/1
Mr. Ji Zuguang *(appointed on 3 October 2019)*	6/6	N/A	2/2	2/2	0/0
Independent Non-Executive Directors					
Ms. Fan Wei	8/8	4/4	5/5	5/5	1/1
Mr. Chu Kin Wang Peleus	8/8	4/4	5/5	5/5	1/1
Dr. Lau Reimer, Mary Jean *(appointed on 4 June 2019)*	5/5	3/3	3/3	3/3	1/1

BOARD OF DIRECTORS *(Continued)*

Board practice and conduct of meetings *(Continued)*

Information of material issues, due notice of meetings and minutes of every meeting have been sent to all Directors for their information, comment and review.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for a term of three years which are automatically renewed for successive terms of one year each upon expiry of the then current term and shall be terminated by either party giving to the other not less than three months' notice in writing.

Each of the independent non-executive Directors, has entered into a letter of appointment with the Company for a term of three years.

The Company has established formal, considered and transparent procedures for the appointment of new Directors. The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. Pursuant to Article 84(1) of the Articles of Association, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. Pursuant to Article 83(2) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the Shareholders in general meetings, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meetings. Any Director so appointed by the Board shall hold office only until the next following AGM of the Company and shall then be eligible for re-election at that meeting.

In compliance with the code provision A.4.3 of the CG Code, the further appointment of independent non-executive Directors who have served more than 9 years should be subject to a separate resolution to be approved by Shareholders and the papers to Shareholders accompanying that resolution should include the reasons why the Board believes the relevant Director is still independent and should be re-elected.

Directors' Training

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operation of the Group and that he/she is aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

During the Year, all existing Directors were provided with updates on the latest developments and changes in the GEM Listing Rules and other relevant legal and regulatory requirements from time to time to develop and refresh the Directors' duties and responsibilities. Continuing briefings to Directors are arranged whenever necessary.

BOARD OF DIRECTORS *(Continued)*

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills, knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Chairman and Chief Executive Officer

As required by code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

The Company deviates from this provision because Mr. Chen Ying-chieh has been assuming the roles of both the chairman of the Board and the chief executive officer of the Company since 19 November 2019. The Board believes that resting the roles of both the chairman and the chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Although these two roles are performed by the same individual, certain responsibilities are shared with the executive Directors to balance power and authority. In addition, all major decisions are made in consultation with members of the Board, as well as with the senior management. The Board has three independent non-executive Directors who offer different independent perspectives. Therefore, the Board is of the view that the balance of power and safeguards in place are adequate. The Board would review and monitor the situation on a regular basis, and it would ensure that the present structure would not impair the balance of power in the Group.

During the year, the chairman fulfilled his responsibilities, including chairing the Board meetings, ensuring that the Board operates effectively and discharges its responsibilities, ensuring good corporate governance practices and procedures by anchoring with the Listing Rules, facilitating effective contribution of Directors, ensuring effective communications with Shareholders and ensuring constructive relations between executive and non-executive Directors.

BOARD COMMITTEES

The Board has established three committees, namely audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee") and nomination and corporate governance committee (the "Nomination and Corporate Governance Committee"), each overseeing and being responsible for affairs in different aspects of the Company. All Board committees of the Company are established with defined written terms of reference.

The written terms of reference for each board committee are in compliance with the GEM Listing Rules and they are posted on the respective websites of the Stock Exchange and the Company.

Audit Committee

The Board has established the Audit Committee. It currently comprises one non-executive Director and three independent non-executive Directors, namely Mr. Chu Kin Wang Peleus (Chairman), Ms. Fan Wei, Ip Cho Yin, *J.P.* and Dr. Lau Reimer, Mary Jean. None of the members of the Audit Committee is a former partner of the auditors of the Company.

The principal duties of the Audit Committee are to assist the Board in reviewing the financial information, overseeing the Company's financial reporting system, risk management, internal control systems and relationship with external auditors, and arrangements to enable employees of the Company to raise concerns under the protection of confidentiality about possible improprieties in financial reporting, internal control or other matters of the Company.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant laws, regulations and rules are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

During the Year, the Audit Committee held four meetings for the purposes of reviewing the quarterly, interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, and the other matters in accordance with the Audit Committee's written terms of reference. The Group's audited annual results for the year ended 31 March 2020 have been reviewed by the Audit Committee.

BOARD COMMITTEES *(Continued)*

Remuneration Committee

The Board has established the Remuneration Committee. It currently comprises one non-executive Director and three independent non-executive Directors, namely Ms. Fan Wei (Chairlady), Mr. Ji Zuguang, Mr. Chu Kin Wang Peleus and Dr. Lau Reimer, Mary Jean. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing a formal and transparent procedure for developing remuneration policy and to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Year, the Remuneration Committee held five meetings to review and make recommendation to the Board on the remuneration packages of a new Director and other related matters in accordance with the Remuneration Committee's written terms of reference.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the member(s) of the senior management by band for the year ended 31 March 2020 is set out below:

Remuneration band	Number of individuals
HK$1,000,001 to HK$1,500,000	1
HK$1,500,001 to HK$2,000,000	1

Further particulars regarding Directors' emoluments are set out in note 14 to the consolidated financial statements.

Nomination and Corporate Governance Committee

The Board has established the Nomination and Corporate Governance Committee. It currently comprises two non-executive Directors and three independent non-executive Directors, namely Mr. Ji Zuguang (Chairman), Mr. Ip Cho Yin, *J.P.*, Ms. Fan Wei, and Mr. Chu Kin Wang Peleus and Dr. Lau Reimer, Mary Jean. The primary functions of the Nomination and Corporate Governance Committee include reviewing the Board's structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, making recommendations to the Board on the appointment and succession planning of directors, and assessing the independence of independent non-executive Directors.

BOARD COMMITTEES *(Continued)*

Nomination and Corporate Governance Committee *(Continued)*

According to the Policy of the Company, appointments of Board members will be made on a merit basis and candidates will be considered against objective criteria. The selection criteria used in assessing the suitability of a candidate include:

- the candidate's academic background and qualifications (including professional qualifications, skills and knowledge which are relevant to the Company's business and corporate strategy);
- the candidate's relevant experience in the industry;
- the candidate's character and integrity;
- the candidate's willingness and capacity to devote adequate time in discharge of a director's duties;
- whether the candidate can contribute to the Board a diversity of perspectives;
- Where the candidate is proposed to be appointed as an independent non-executive Director whether the candidate is in compliance with the criteria of independence under the GEM Listing Rules; and
- any other factors as may be determined by the Board from time to time.

In terms of nomination procedures, any Board member may nominate or invite a candidate for appointment as a Director to be considered by the Nomination and Corporate Governance Committee. The Nomination and Corporate Governance Committee will then evaluate the personal profile of the candidate based on the selection criteria set out above, undertake due diligence in respect of such candidate and make recommendation for the Board's consideration and approval. For nomination of independent non-executive Director, the Nomination and Corporate Governance Committee will also assess the candidate's independence in accordance with the CG Code and the GEM Listing Rules. For re-appointment of retiring Directors, the Nomination and Corporate Governance Committee will review the candidate's overall contribution and performance (including the candidate's attendance at Board committee meetings, Board meetings and general meetings, his/her level of participation and performance on the Board), and make recommendations to the Board and Shareholders for re-election at general meetings.

During the Year, the Nomination and Corporate Governance Committee held five meetings to review and make recommendation to the Board on the appointment of a new Director and other related matters in accordance with the Nomination and Corporate Governance Committee's written terms of reference.

AUDITOR'S REMUNERATION

The remuneration in respect of audit and non-audit services provided by the auditor, Shinewing (HK) CPA Limited, to the Group in the year 2019/2020 amounted to HK$1,320,000 and HK$150,000 respectively. Non-audit services were mainly related to professional services in connection with interim financial information.

COMPANY SECRETARY

The Company Secretary is Mr. Young Ho Kee Bernard. He has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge in 2019/2020.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The Directors acknowledge their responsibility for the preparation of consolidated financial statements of the Group for the year ended 31 March 2020, which give a true and fair view of the financial position of the Group on a going concern basis. Statements of Directors' responsibilities for preparing the consolidated financial statements and external auditor's reporting responsibilities are set out in the "Independent Auditor's Report".

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining the Company's internal control system and risk management procedures and for reviewing the effectiveness of these controls annually.

To enhance corporate governance, the Group implements internal control and audit supervision to reduce operating risks. The Group has established an Internal Audit system in accordance with relevant regulations. Internal audit is an independent consultation, evaluation, control and supervision activity carried out within the Group. Through systematic and standardized methods, the Group reviews and evaluates within various departments of their operating activities and target achievement, the establishment and implementation of internal control, the utilization of resources, etc.. It also provides relevant analysis, recommendations, assistance, and supervision for management personnel to perform their duties in due diligence.

During the Year, the Directors has continuously reviewed and are satisfied with the effectiveness of the Group's risk management and internal control systems, including, in particular, financial, operational and compliance controls and risk management functions, to safeguard the Group's assets against unauthorised use or disposition, and to protect the interests of the Company and the Shareholders as a whole.

SHAREHOLDERS' RIGHTS

The annual report, interim report and quarterly reports offer comprehensive information to the Shareholders on operational and financial performance whereas AGM provide a forum for the Shareholders to exchange views directly with the Board. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board.

According to the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The requisition must be lodged with the registered office of the Company. The written requisition (i) must state the purposes of the EGM, and (ii) must be signed by the requisitionists and deposited at the principal place of business of the Company in Hong Kong for attention of the Board or the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists. Such meeting shall be held within two (2) months after the deposit of such requisition. Such requisitions will be verified by the Company's branch share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will inform the Board to convene an EGM by serving sufficient notice to all shareholders of the Company. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the EGM will not be convened as requested.

As regards to proposing a person for election as a Director, please refer to the procedures as set out in the Articles of Association on the respective websites of the Stock Exchange and the Company.

Shareholders may send written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong and for the attention of the Company Secretary.

INVESTOR RELATIONS

The Company establishes different communication channels with investors to update the latest business development and financial performance including the publication of quarterly, interim and annual reports, the publish and posting of notices, announcements and circulars on the GEM website and the Company's website in order to maintain a high level of transparency, and to ensure there is no selective disclosure of inside information.

CONSTITUTIONAL DOCUMENTS

Pursuant to rule 17.102 of the GEM Listing Rules, the Company has published its Memorandum and Articles of Association on the respective websites of the Stock Exchange and the Company. During the Year, no amendments were made to the constitutional documents of the Company.

INDEPENDENT AUDITOR'S REPORT

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF MADISON HOLDINGS GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Madison Holdings Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 189, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$318,282,000 for the year ended 31 March 2020. In addition, the Group had bank balances and cash amounted to approximately HK$42,031,000, while its loan from a director, loan from a subsidiary of non-controlling shareholder, borrowings and promissory notes totaling amounted to HK$417,012,000 which will be matured within the coming twelve months from 31 March 2020. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

Valuation and impairment assessment of inventories

Refer to note 23 to the consolidated financial statements and the accounting policies on page 77.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2020, the Group maintained inventories of approximately HK$28,998,000 and write-down on inventories of HK$150,000 was recognised during the year ended 31 March 2020. The assessment of impairment in respect of these inventories involves significant management judgement in estimating the net realisable value of the inventories.	Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's impairment assessment on inventories and the management estimations or judgements on the net realisable value of inventories based on the latest invoice prices and current market conditions. We have checked with the net realisable value for inventories up to the date of this report and discussed with the management in respect of the adequacy of the allowance made by the management based on assessments of individual market value. We have challenged the assumptions and critical judgements used by the management by assessing the reliability of the management's past estimates, taking into account the subsequent sales status after year end and with reference to market values of inventories.

KEY AUDIT MATTERS *(Continued)*

Recoverability and impairment assessment of loan and interest receivables and considerations receivables

Refer to notes 24 and 25 to the consolidated financial statements and the accounting policies on pages 83 to 86.

The key audit matter

As at 31 March 2020, the Group's loan and interest receivables and considerations receivables (including in trade and other receivables) amounted to approximately HK$397,254,000 and HK$106,139,000 respectively, net of accumulated impairment losses of approximately HK$81,168,000 and nil respectively.

The measurement of expected credit loss ("ECL") requires the application of significant judgement and increased complexity which include the identification of exposures with a significant deterioration in credit quality, and assumptions used in the ECL models (for exposures assessed individually or collectively), such as the expected future cash flows and forward-looking macroeconomic factors.

We consider the impairment assessment of these receivables as a key audit matter due to the significance of these receivables (representing 58% of total assets) and the subjective nature of the calculation because the estimates on which these provisions are based entail a significant degree of management judgement and may be subject to management bias.

How the matter was addressed in our audit

We assessed the reasonableness of the Group's ECL models, including the model input, model design, model performance for significant portfolios. We assessed the reasonableness of the Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment. We challenged whether historical experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward-looking adjustments, including the economic variables and assumptions used in each of the economic scenarios and their probability weightings.

We assessed and tested the sensitivity of the credit loss provisions to changes in modelling assumptions.

For a sample of exposures that was subject to an individual impairment assessment, we specifically reviewed the Group's assumptions on the expected future cash flows, including the value of realisable collateral based on available market information.

We also assessed the financial statements disclosures relating to the Group's exposure to credit risk.

KEY AUDIT MATTERS *(Continued)*

Impairment assessment of intangible assets and goodwill

Refer to notes 19 and 22 to the consolidated financial statements respectively and the accounting policies on pages 79 and 67 respectively.

The key audit matter

The Group has intangible assets of approximately HK$180,361,000 and goodwill of approximately HK$9,028,000 as at 31 March 2020. Impairment loss of approximately HK$257,440,000 was recognised during the year ended 31 March 2020.

The Group's assessment on impairment of CGUs to which the goodwill or intangible assets were allocated is a judgemental process which requires estimates concerning the forecast future cash flows associated with the CGUs, the discount rates and the growth rate of revenue and costs to be applied in determining the recoverable amounts. The selection of valuation model, adoption of key assumptions and input data may be subject to management basis and changes in these assumptions and input to valuation model may result in significant financial impact.

The extent of judgement resulted in this matter being identified as a key audit matter.

How the matter was addressed in our audit

We have tested the future cash flow forecasts on whether they are agreed to the budgets approved by the board of directors of the Company and compared the budgets with actual results available up to the report date. We have also compared prior year cash flow forecasts with actual results in current year for reliability of management's estimates. We have also challenged the appropriateness of the assumptions, including the growth rates and gross margin, against latest market expectations. We have also challenged the discount rate employed in each calculation of recoverable amounts by reviewing its basis of calculation and comparing its input data to market sources.

As any changes in these assumptions and input to valuation model may result in significant financial impact, we have tested sensitivity analysis in relation to the key inputs to the impairment assessment which included changes in growth rate, gross margin and discount rates employed.

KEY AUDIT MATTERS *(Continued)*

Disposal of subsidiaries

Refer to note 39 to the consolidated financial statements and the accounting policies on page 65.

The key audit matter

On 27 August 2019, the Group disposed of its 55% equity interest in Novel Idea Holdings Limited ("Novel Idea") to Hega Incorporation Limited, an independent third party to the Group, at consideration of HK$45,000,000, in which HK$40,500,000 to be settled by a promissory note issued by the purchaser as detailed in note 18. The Group engaged independent valuer to perform valuation of the promissory note receivable at the date of disposal. The amount of gain arising on the disposal was HK$42,594,000.

On 15 January 2020, the Group disposed of its 49% equity interest in Bartha International Limited ("Bartha") to Ms. Zhang Fengge for 29% and Mr. Zuo Tao for 20%, independent third parties to the Group, at aggregate cash considerations of HK$50,000,000. The disposal was completed on 17 January 2020. The amount of gain arising on the disposal was HK$10,805,000.

On 22 January 2020, the Group disposed of its 100% equity interest in Madison Future Games Limited ("Future Games") to Mr. Zhang Shurong, an independent third party, to the Group, at a consideration of HK$1. The disposal was completed on 22 January 2020. The amount of gain arising on the disposal was HK$90,982,000.

We have identified these disposals as key audit matter because the gains arising on these disposals are significant to the consolidated statement of profit or loss and the fair value of promissory note receivable involved significant management judgements in the choice of valuation methods and inputs in the fair value measurement.

How the matter was addressed in our audit

With respect to the disposal of equity interests in Bartha, Future Games and Novel Idea respectively, we inspected the sale and purchase agreements and business activities prior to the disposals to ensure income and expenses of subsidiaries are properly included in the consolidated statement of profit or loss until the date when the Group ceases to control the subsidiaries and recalculated the gain or loss arising on the disposals.

Regarding the estimation of fair value of promissory note receivable on disposal of Novel Idea.

We assessed the competence, capabilities and objectivity of the independent valuers.

We obtained an understanding of the valuation process and techniques adopted by the independent valuer to assess if they are consistent with the industry practice.

We obtained the valuation report and involved independent valuation specialist to evaluate and assessing the reasonableness of the significant unobservable inputs and the accuracy of the source data used by the management and the independent valuers.

We tested the arithmetical accuracy of calculations.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for reviewing and providing supervision over the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

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

- Conclude on the appropriateness of the Company's 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.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Kwan Chi Fung.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
22 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	8		
– sales of alcoholic beverages		**69,392**	114,172
– financial services		**10,455**	21,715
– blockchain services		**30,141**	29,384
– loan financing service		**86,547**	141,401
– auction		**4,948**	3,680
		201,483	310,352
Cost of operation			
– cost of alcoholic beverages		**(59,373)**	(96,181)
– cost of auction		**(515)**	–
– cost of blockchain services		**(38,007)**	(38,563)
		(97,895)	(134,744)
Other income	9	**3,330**	8,341
Staff costs		**(73,980)**	(95,090)
Depreciation		**(30,232)**	(33,032)
Change in fair value of financial assets at FVTPL		**1,423**	(37,631)
Administrative and other operating expenses		**(67,472)**	(85,719)
Net impairment recognised on loan and interest receivables	24	**(51,089)**	(6,482)
Change in fair value of exchangeable bonds	18	**(11,519)**	3,112
Change in fair value of derivative financial instruments	34	**(5,567)**	5,438
Change in fair value of crypto-currencies		**(538)**	(6,194)
Impairment loss recognised on goodwill	22	**(257,440)**	(173,251)
Impairment loss recognised on plant and equipment	17	**(21,760)**	(120,066)
Gain on disposal of subsidiaries	39	**144,205**	–
Finance costs	10	**(55,481)**	(38,122)
Loss before tax		**(322,532)**	(403,088)
Income tax credit (expense)	11	**4,250**	(16,627)
Loss for the year	12	**(318,282)**	(419,715)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(278,922)**	(369,244)
Non-controlling interests		**(39,360)**	(50,471)
		(318,282)	(419,715)
Loss per share (HK cents)	16		
Basic		**(5.37)**	(8.76)
Diluted		**(5.39)**	(8.99)
Loss for the year		**(318,282)**	(419,715)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(21,374)**	(29,294)
Release of translation reserve upon disposal of subsidiaries	39	**(478)**	–
		(21,852)	(29,294)
Total comprehensive expense for the year		**(340,134)**	(449,009)
Total comprehensive expense for the year attributable to:			
Owners of the company		**(290,028)**	(380,764)
Non-controlling interests		**(50,106)**	(68,245)
		(340,134)	(449,009)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Plant and equipment	17	**4,850**	92,595
Financial assets at fair value through profit or loss	18	**–**	78,142
Loan receivables	24	**10,420**	19,938
Deposits	25	**1,520**	7,010
Intangible assets	19	**180,361**	188,339
Right-of-use assets	20	**14,612**	–
Deferred tax asset	21	**19,776**	8,005
Goodwill	22	**9,028**	266,468
		240,567	660,497
Current assets			
Inventories	23	**28,998**	32,272
Financial assets at fair value through profit or loss	18	**41,212**	27,339
Loan and interest receivables	24	**386,834**	535,775
Trade and other receivables	25	**123,609**	169,048
Amount due from ultimate holding company	27	**–**	25
Amount due from immediate holding company	27	**–**	37
Amount due from a shareholder	27	**–**	11
Amount due from a non-controlling shareholder	27	**–**	2,000
Amounts due from related companies	27	**–**	349
Amounts due from associates	26	**263**	2,866
Crypto-currencies		**–**	371
Tax recoverable		**–**	32
Bank balances – segregated accounts	28	**–**	57,822
Bank balances and cash	28	**42,031**	48,436
		622,947	876,383

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Current liabilities			
Trade and other payables	30	**23,148**	145,042
Lease liabilities	20	**10,089**	–
Contract liabilities	29	**3,329**	5,311
Amounts due to shareholders	27	**296**	–
Amount due to a director	27	**164**	1,081
Amounts due to associates	26	**–**	2,832
Amounts due to non-controlling shareholders	27	**–**	707
Loan from a director	31	**38,000**	38,000
Loan from a subsidiary of non-controlling shareholder	31	**107,100**	106,350
Borrowings	32	**103,992**	281,071
Tax payable		**24,954**	24,677
Derivative financial instruments	34	**59,205**	53,638
Promissory notes payables	36	**167,920**	140,945
Deferred income	37	**–**	331
		538,197	799,985
Net current assets		**84,750**	76,398
Total assets less current liabilities		**325,317**	736,895
Capital and reserves			
Share capital	35	**5,193**	5,193
Reserves		**26,799**	261,328
Equity attributable to owners of the Company		**31,992**	266,521
Convertible bonds issued by a subsidiary	33	**–**	9,230
Non-controlling interests		**165,923**	186,440
Total equity		**197,915**	462,191

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Note	**2020 HK$'000**	2019 HK$'000
Non-current liabilities			
Deferred tax liability	21	**893**	1,605
Borrowings	32	**–**	88,017
Loan from a related company	31	**–**	14,063
Convertible bonds	33	**121,757**	157,832
Lease liabilities	20	**4,752**	–
Promissory notes payables	36	**–**	12,359
Deferred income	37	**–**	828
		127,402	274,704
		325,317	736,895

The consolidated financial statements on pages 48 to 189 were approved and authorised for issue by the board of directors on 22 June 2020 and are signed on its behalf by:

Ji Zuguang
Director

Kuo Kwan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company													
	Share capital	Share premium	Other reserve	Capital reserve	Merger reserve	Share options reserve	Convertible bonds – equity conversion reserve	Translation reserve	Statutory reserve	Accumulated losses	Total	Convertible bonds issued by a subsidiary	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Note a)	*(Note b)*	*(Note c)*				*(Note d)*					
At 1 April 2019	5,193	1,257,060	29,047	(108,128)	(629,167)	30,607	174,782	(10,498)	3,677	(486,052)	266,521	9,230	186,440	462,191
Loss for the year	–	–	–	–	–	–	–	–	–	(278,922)	(278,922)	–	(39,360)	(318,282)
Other comprehensive expense for the year														
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(10,628)	–	–	(10,628)	–	(10,746)	(21,374)
– Release of translation reserve upon disposal of subsidiaries	–	–	–	–	–	–	–	(478)	–	–	(478)	–	–	(478)
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	–	–	(11,106)	–	(278,922)	(290,028)	–	(50,106)	(340,134)
Recognition of equity-settled share-based payments expenses *(Note 45)*	–	–	–	–	–	7,763	–	–	–	–	7,763	–	–	7,763
Lapse/cancel of share options	–	–	–	–	–	(8,747)	–	–	–	8,747	–	–	–	–
Acquisition of additional interest in subsidiaries *(Note 41)*	–	–	–	47,736	–	–	–	–	–	–	47,736	–	(47,736)	–
Disposal of Bartha *(Note 39(i))*	–	–	–	–	31,040	–	–	–	–	(31,040)	–	(9,230)	(29,836)	(39,066)
Disposal of Future Games *(Note 39(ii))*	–	–	–	(1,637)	–	–	–	–	–	1,637	–	–	105,692	105,692
Disposal of Novel Idea *(Note 39(iii))*	–	–	–	–	–	–	–	–	–	–	–	–	1,469	1,469
Appropriation to statutory reserve funds	–	–	–	–	–	–	–	–	546	(546)	–	–	–	–
At 31 March 2020	5,193	1,257,060	29,047	(62,029)	(598,127)	29,623	174,782	(21,604)	4,223	(786,176)	31,992	–	165,923	197,915

	Attributable to owners of the Company													
	Share capital	Share premium	Other reserve	Capital reserve	Merger reserve	Share options reserve	Convertible bonds – equity conversion reserve	Translation reserve	Statutory reserve	Accumulated losses	Total	Convertible bonds issued by a subsidiary	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Note a)	*(Note b)*	*(Note c)*				*(Note d)*					
At 1 April 2018	4,000	65,376	29,047	144,705	(9,109)	11,376	174,782	1,022	2,806	(125,755)	298,250	9,230	231,689	539,169
Loss for the year	–	–	–	–	–	–	–	–	–	(369,244)	(369,244)	–	(50,471)	(419,715)
Other comprehensive expense for the year														
– Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	(11,520)	–	–	(11,520)	–	(17,774)	(29,294)
Loss for the year and total comprehensive expense for the year	–	–	–	–	–	–	–	(11,520)	–	(369,244)	(380,764)	–	(68,245)	(449,009)
Issue of shares upon placing *(Note 35)*	70	119,025	–	–	–	–	–	–	–	–	119,095	–	–	119,095
Share issue expenses	–	(1,355)	–	–	–	–	–	–	–	–	(1,355)	–	–	(1,355)
Recognition of equity-settled share-based payments expenses *(Note 45)*	–	–	–	–	–	29,049	–	–	–	–	29,049	–	–	29,049
Lapse/Cancel of share options	–	–	–	–	–	(9,818)	–	–	–	9,818	–	–	–	–
Exercise of exchangeable bonds as consideration paid for acquisition of subsidiaries under common control combination *(Note 40(i))*	–	–	–	–	(64,403)	–	–	–	–	–	(64,403)	–	(7,685)	(72,088)
Capitalisation in a subsidiary which adopt merger accounting for common control combination *(Note e)*	–	–	–	–	33,363	–	–	–	–	–	33,363	–	42,850	76,213
Deemed capital contribution from a related company	–	–	–	1,638	–	–	–	–	–	–	1,638	–	–	1,638
Share issued for acquisition of a subsidiary under common control combination *(Note 40(ii))*	505	403,393	–	–	(589,018)	–	–	–	–	–	(185,120)	–	–	(185,120)
Acquisition of additional interest in a subsidiary by issuing share *(Note 41)*	405	323,232	–	(243,469)	–	–	–	–	–	–	80,168	–	(80,168)	–
Acquisition of additional interest in subsidiaries *(Note 41)*	–	–	–	(11,002)	–	–	–	–	–	–	(11,002)	–	2,602	(8,400)
Acquisition of subsidiaries *(Note 38)*	213	347,389	–	–	–	–	–	–	–	–	347,602	–	65,397	412,999
Appropriation to statutory reserve funds	–	–	–	–	–	–	–	–	871	(871)	–	–	–	–
	1,193	1,191,684	–	(252,833)	(620,058)	19,231	–	–	871	8,947	349,035	–	22,996	372,031
At 31 March 2019	5,193	1,257,060	29,047	(108,128)	(629,167)	30,607	174,782	(10,498)	3,677	(486,052)	266,521	9,230	186,440	462,191

Notes:

(a) The other reserve was arisen from the transfer of the entire issued share capital and shareholder loan in Madison Wine (HK) Company Limited to Madison International Wine Company Limited upon the Reorganisation.

(b) The capital reserve was arisen from the dilution of interest in a subsidiary CVP Financial Holdings Limited ("CVP Financial") on 23 February 2017, the deemed acquisition of additional interest in CVP Financial on 27 March 2017 and the acquisition of additional interest in CVP Financial on 27 April 2018 and Hackett Enterprises Limited ("Hackett") on 29 March 2019. In addition, a fair value of put option amounting to approximately HK$20,144,000 exercisable by non-controlling shareholders was recorded upon initial recognition, as detailed in note 34 to the consolidated financial statements.

On 31 December 2017, an amount of approximately HK$250,363,000 had been waived by Mr. Ting Pang Wan Raymond ("Mr. Ting"), one of the ultimate beneficial owners of the Company. As a result, HK$130,189,000 and HK$120,174,000 were recognised in other reserve and non-controlling interests respectively.

Moreover, an amount of approximately HK$1,638,000 arose as a result of the deemed contribution from the interest free loan by a related company, Highgrade Holding Limited, which is 100% beneficially owned by Mr. Ting.

(c) The merger reserve of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisition and the carrying amount of the net asset of the subsidiaries at the date when the Group and the acquired subsidiaries became under common control.

(d) In accordance with the relevant regulations applicable in the People's Republic of China (the "PRC"), companies established in the PRC are required to transfer at least 10% of their statutory annual profits after tax in accordance with the relevant statutory rules and regulations applicable to enterprises in the PRC to the statutory reserve until the balance of the reserve reaches 50% of their respective registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset against accumulated losses of the respective PRC companies. The amount of the transfer is subject to the approval of the board of the directors of the respective PRC companies.

(e) On 18 May 2018, an amount of approximately HK$76,213,000 had been capitalised into the share capital of Bartha International Limited, a subsidiary which adopt merger accounting for common control combination. As a result, HK$33,363,000 and HK$42,850,000 were recognised in merger reserve and non-controlling interests respectively.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES			
Loss before tax		**(322,532)**	(403,088)
Adjustments for:			
Bank interest income		**(104)**	(227)
Government grants		**(1,680)**	(165)
Depreciation		**30,232**	33,032
Net loss on disposals and written off of plant and equipment		**1,640**	3
Share-based payment expenses		**7,763**	29,049
Change in fair value of exchangeable bonds		**11,519**	(3,112)
Change in fair value of crypto-currencies		**538**	6,194
Change in fair value of derivative financial instruments		**5,567**	(5,438)
Impairment loss on goodwill		**257,440**	173,251
Impairment loss on plant and equipment		**21,760**	120,066
Net impairment loss on trade receivables		**270**	498
Net impairment loss on loan and interest receivables		**51,089**	6,482
Written off of loans and interest receivables		**14,129**	2,296
Write-down of inventories		**150**	–
Recoveries on impairment losses on trade receivables previously written off		**(136)**	(34)
Finance costs		**55,481**	38,122
Gain on disposal of a subsidiary		**(144,205)**	–
Gain on disposal of an exchangable bond		**(377)**	–
Change in fair value of financial assets at FVTPL		**(1,423)**	37,631
Operating cash flows before movements in working capital		**(12,879)**	34,560
Decrease in inventories		**3,124**	18,306
Decrease (increase) in loan and interest receivables		**65,293**	(161,412)
Decrease (increase) in trade and other receivables		**39,134**	(28,306)
Increase (decrease) in trade and other payables		**33,078**	(18,592)
Decrease in contract liabilities		**(1,982)**	(3,956)
Net decrease (increase) in financial asset at fair value through profit or loss		**28,050**	(43,860)
Decrease in bank balances – segregated account		**13,536**	62,021
Increase in crypto-currencies		**(399)**	(4,207)
Cash from (used in) operations		**166,955**	(145,446)
Income tax paid		**(6,182)**	(7,568)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**160,773**	(153,014)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
INVESTING ACTIVITIES			
Net cash outflow on acquisition of assets through acquisition of subsidiaries	38	–	(121,914)
Net cash outflow on acquisition of a subsidiary	38	–	(91,382)
Purchases of plant and equipment		**(1,114)**	(5,922)
Repayment from (advance to) associates		**2,603**	(2,866)
Capital contribution to associates		–	(2,015)
Repayment from (advance to) a non-controlling shareholder		**2,000**	(2,000)
Repayment from (advance to) a shareholder		**11**	(11)
Repayment from (advance to) ultimate holding company		**25**	(6)
Repayment from (advance to) immediate holding company		**37**	(3)
Repayment from related companies		**349**	2,309
Government grants received		–	1,324
Proceeds from disposal of property, plant and equipment		**685**	552
Interest received		**104**	227
Net cash outflow on disposal of subsidiaries	39	**(34,137)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(29,437)**	(221,707)
FINANCING ACTIVITIES			
Government grant received		**1,404**	–
New borrowings raised		**110,000**	147,729
Proceed on issue of shares upon placing		–	119,095
Loan from a subsidiary of non-controlling shareholders		–	106,350
Loan from related companies		–	15,701
(Repayment to) advance from associate		**(2,832)**	2,832
(Repayment to) advance from a director		**(917)**	1,081
(Repayment to) advance from non-controlling shareholder		**(707)**	703
Advance from (repayment to) a shareholder		**296**	(41,872)
Net cash outflow on acquisition of additional interest in subsidiaries		–	(8,400)
Interest paid		**(31,780)**	(4,005)
Transaction cost in connection with the issue of shares upon placing		–	(1,355)
Repayment to a shareholder		–	(800)
Advance from related companies		**787**	–
Repayment of borrowings		**(200,024)**	–
Repayment of lease liabilities		**(12,065)**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(135,838)**	337,059

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(4,502)**	(37,662)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**48,436**	93,202
Effect of changes in exchange rate		**(1,903)**	(7,104)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**42,031**	48,436

1. GENERAL

Madison Holdings Group Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 15 April 2015 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 October 2015. The immediate holding company of the Company is Royal Spectrum Holding Company Limited, a company incorporated in the Republic of Seychelles and Mr. Ting Pang Wan Raymond ("Mr Ting") is the controlling shareholder of the Company. The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The Company is an investment holding company. Its major operating subsidiaries are mainly engaged in sales of alcoholic beverages, the provision of financial services, the provision of blockchain services, the provision of loan financing services and the provision of auction of alcoholic beverages business.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are Hong Kong dollars ("HK$") while that of the subsidiaries established in the People's Republic of China (the "PRC"), Gibraltar and Sweden are Renminbi ("RMB"), United States Dollar and Swedish Krone respectively. For the purpose of presenting the financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") adopted HK$ as its presentation currency which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2020, the Group incurred a net loss of approximately HK$318,282,000 for the year ended 31 March 2020. In addition, the Group had bank balance and cash amounted approximately HK$42,031,000, while loan from a director, loan from a subsidiary of non-controlling shareholder, borrowings and promissory notes payables approximately HK$417,012,000 which will be matured within the coming twelve months, and the Group's ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and/or other sources. These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group in assessing whether the Group will have sufficient financial resources to continue as a going concern. Taking into account the Group's cash flow projection, including:

– A director, a subsidiary of non-controlling shareholder and certain borrowers included in borrowings have agreed not to demand for repayment of the balances in aggregate of approximately HK$317,020,000 due from the Group until such time the Group has the financial ability to repay without impairing its liquidity position;

– Pursuing the collection of considerations receivables from disposal of subsidiaries and exchangeable bond including outstanding cash considerations and promissory note receivable;

– Implementing various strategies to improve the cash flow status, such as managing the loan receivable portfolio and various investments; and

– Putting extra efforts on the collection of trade debtors to improve the debtors turnover days.

The directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

The adoption of HKFRS 16 resulted in the changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarised below.

The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in this note. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) – Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

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

Impacts on adoption of HKFRS 16 Leases *(Continued)*

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessees' incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 April 2019 was 4.21%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all leases.

The following table summarises the impact of transition to HKFRS 16 at 1 April 2019. Line items that were not affected by the adjustments have not been included.

	Note	Carry amount previously reported at 31 March 2019	Impact on adoption of HKFRS 16	Carrying amount as restated at 1 April 2019
		HK$'000	HK$'000	HK$'000
Right-of-use assets	(a)	–	12,757	12,757
Trade and other receivables	(b)	169,048	(200)	168,848
Lease liabilities – current	(a)	–	5,393	5,393
Lease liabilities – non-current	(a)	–	7,164	7,164

Notes:

(a) As at 1 April 2019, right-of-use assets were measured at an amount equal to lease liabilities of approximately HK$12,557,000. The adoption of HKFRS 16 has had no material impact on the accumulated losses of the Group.

(b) Prepaid rental of HK$200,000 as at 31 March 2019 were reclassified to right-of-use assets.

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

Impacts on adoption of HKFRS 16 Leases *(Continued)*

The Group as lessee *(Continued)*

Differences between operating lease commitments as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 April 2019 are as follow:

	HK$'000
Operating lease commitment disclosed as at 31 March 2019	18,083
Less: Short-term leases recognised on a straight-line basis as expense	(4,796)
	13,287
Discounted using the applicable incremental borrowing rate at the date of initial application	(730)
Lease liabilities recognised as at 1 April 2019	12,557
Analysed as	
Current portion	5,393
Non-current portion	7,164
	12,557

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has also used the following practical expedients permitted by the standard:

- Not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short term leases; and
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

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

New and revised HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[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 HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions[5]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]

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 for annual periods beginning on or after a date to be 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 Company anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

Amendments to HKFRS 3 Definition of a Business

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

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 April 2020, with early application permitted.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

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

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; (iv) any additional facts and circumstances that indicate that the Group has the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholdings' meeting; or (v) a combination of the above, based on all relevant facts and circumstances.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of subsidiaries, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiaries at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiaries and convertible bonds issued by the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiaries 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 associates or a joint venture.

Business combinations

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

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

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with HKAS 12 *Income Taxes*;

- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with HKAS 19 *Employee Benefits*;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

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

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

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

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Merger accounting for business combination involving entities under common control

The consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Merger accounting for business combination involving entities under common control *(Continued)*

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Investments in associates

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

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

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

After application of the equity method, including recognising the associate's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate. Goodwill that forms part of the carrying amount of an investment in an associate is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

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

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

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

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

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

The Group recognised revenue from the following major sources:

- Sales of alcoholic beverages
- Provision of wine auction services
- Commission from dealing in securities, futures and options contracts
- Commission from underwriting and placing services
- Provision of corporate finance and advisory services
- Provision of loan referral services
- Provision of high performance computing services

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from sales of alcoholic beverages is recognised when goods are transferred to and accepted by the customers, which is the point of time the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

Auction service revenue is recognised at a point in time when the Company transfers the promised auction services to the customers upon the fall of hammer in auctions. Auction services revenue includes buyer's and seller's commission, which are based on a percentage of hammer price of the auction sales.

Commission and brokerage income is recognised at a point in time when the trading transaction is executed, with reference to the trading transaction volume and the commission rate applicable.

Underwriting and placing are at a point in time with reference to the detailed terms of transactions as stipulated in the contracts entered into with its customers and counterparties.

Financial advisory fee from corporate finance and advisory services is recognised over the service period based on services provided as the customer simultaneously receives and consumes the services provided by the Group over the period in accordance with relevant terms of the agreement. Payment of the transaction is due immediately when the services are rendered to the customers. The Group has the primary responsibility for providing the services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the services ordered by the customer.

Loan referral services income is recognised at a point in time when the service for the transaction are completed under the terms of each engagement and the revenue can be measured reliable as only that time the Group has a present right to payment for services performed.

High performance computing services income is recognised over the service period based on services provided as the customer simultaneously receives and consumes the services provided by the Group over the period in accordance with relevant terms of the agreement. Payment of the transaction is due immediately when the services are rendered to the customers. The Group has the primary responsibility for providing the services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the services ordered by the customer.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised 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 recognised.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing (Accounting policy applicable on or after 1 April 2019)

Definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing (Accounting policy applicable on or after 1 April 2019) *(Continued)*

The Group as lessee *(Continued)*

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position. The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents, if any, that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing (Accounting policy applicable on or after 1 April 2019) *(Continued)*

The Group as lessee *(Continued)*

Allocation of consideration to components of a contract

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

As a practical expedient, HKFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for all leases.

Lease modification

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

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

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

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

Leasing (Accounting policy applicable prior to 1 April 2019)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as "deferred income" in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Employee benefits

Retirement benefit cost

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

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

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

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Current and deferred tax are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Plant and equipment

Plant and equipment held for use in the supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

Inventories

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

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets acquired separately

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

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Fiduciary activities

The Group maintains segregated accounts with authorised institutions to hold clients' monies arising from its normal course of the regulated business activities. The Group has classified the "bank balances – segregated accounts" within the current assets in the consolidated statement of financial position and recognised the corresponding trade payables to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies.

The Group is not allowed to use the clients' monies to settle its own obligations. The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at amortised cost (debt instruments) (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Group recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the "interest income" (note 8) and "other income" (note 9).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is disclosed separately in profit or loss. Fair value is determined in the manner described in note 7.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

Significant increase in credit risk (Continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "Normal". "Normal" means that the counterparty has a strong financial position and there is no past due amounts.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

Definition of default

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

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

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

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "change in fair value of derivative financial instrument".

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities *(Continued)*

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Convertible bonds

Convertible bonds issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity ("convertible bonds – equity conversion reserve" or "convertible bonds issued by a subsidiary").

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in "convertible bonds – equity conversion reserve" until the embedded option is exercised (in which case the balance stated in "convertible bonds – equity conversion reserve" will be transferred to share capital. Where the option remains unexercised at the expiry date, the balance stated in "convertible bonds – equity conversion reserve" will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities *(Continued)*

Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions of the Company

Share options granted to directors/employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

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

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless the fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Crypto-currencies

Crypto-currencies are open-source software-based online payment system where payments are recorded in a public ledger using its own unit of account. The Group is engaged into crypto-currencies mining principally for the purpose of selling in the near future and generating a profit from fluctuations in price. The Group measures crypto-currencies at its fair value less costs to sell, with any change in fair value less costs to sell being recognised in profit or loss in the period of the change. Crypto-currencies derecognised when the group has transferred substantially all the risks and awards of ownership. As a result of the crypto-currencies protocol, costs to sell them are immaterial in the current period and no allowance is made for such costs.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Crypto-currencies fair value measurement is a Level 1 fair value as it is based on a quoted (unadjusted) market price in active markets for identical assets.

Crypto-currencies are derecognised when the Group disposes of them through its trading activities or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the crypto-currencies.

Crypto-currencies inventory is measured at fair value using the quoted price in United States dollars on the Currency Exchange Market at closing Coordinated Universal Time. Management considers this fair value to be a Level 1 input under the HKFRS 13 Fair Value Measurement fair value hierarchy as the price on the Currency Exchange Market represents a quoted price in an active market for identical assets. Management has selected the Currency Exchange Market as it is a major crypto currencies exchange with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

Refer to note 5 “Crypto-currencies” for further discussion in respect of crypto-currencies valuation and the judgement made in determining that such inventories are carried as commodity broker-trader inventory.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Going concern and liquidity

The assessment of the going concern assumptions involves making judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. Please refer to note 2 in relation to the going concern assumptions adopted by the directors of the Company.

Allowance for inventories

The management of the Group reviews the ageing of the inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer saleable in the market. The identification of obsolete inventories requires the use of estimation of the net realisable value of items of inventories and judgements on the conditions of items of inventories. Where the expected net realisable value is lower than the cost of certain items, a write-down of inventories may arise. As at 31 March 2020, the carrying amounts of inventories were approximately HK$28,998,000 (2019: HK$32,272,000). An impairment allowance of HK$150,000 was recognised for inventories as at 31 March 2020 (2019: nil).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Estimated useful lives and impairment assessment of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation based on historical experience. The Group assesses annually the useful lives of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

The mining equipment is used to generate crypto-currencies ("Crypto-currencies mining machines"). The rate at which the Company generates crypto-currencies and, therefore, consumes the economic benefits of its mining equipment are influenced by several factors including, but not limited to, the following:

- The complexity of the mining process which is driven by the algorithms contained within the crypto-currencies open source software; and

- Product life cycle of Crypto-currencies mining machines such that more recently developed hardware is more economically efficient to run as a function of operating costs, primarily power costs is such that later mining machine models generally have faster processing capacity combined with lower operating costs.

Based on current data available, management has determined that the straight-line method of amortisation best reflects the current expected useful life of mining equipment. Management will review their estimates at each reporting date and will revise such estimates as and when data become available. Management will review the appropriateness of its assumption related to residual value at each reporting date.

The Group determines whether the plant and equipment are impaired whenever there is indication of impairment presented. The impairment loss for plant and equipment are recognised for the amounts by which the carrying values exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on fair value less cost of disposal or value-in-use calculations. These calculations require the use of market comparables or estimates such as future revenue and discount rates. As at 31 March 2020, the carrying values of plant and equipment were approximately HK$4,850,000 (2019: HK$92,595,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Loss allowance of loan and interest receivables, trade and other receivables

The loss allowance for loan and interest receivables, trade and other receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2020, the carrying amounts of loan and interest receivables, trade and other receivables were approximately HK$397,254,000 (2019: HK$555,713,000) and HK$123,609,000 (2019: HK$169,048,000) respectively, net of accumulated impairment losses of loan and interest receivables, trade and other receivables of approximately HK$81,168,000 (2019: HK$33,076,000) and HK$338,000 (2019: HK$938,000) respectively.

Loan receivables mainly include financing advances provided to customers which are mainly secured by real estates and other collaterals. Apart from assessing the financial positions of customers, the management further reviews value of the pledged real estates and other collaterals by reference to recent market transactions in comparable properties or fair values determined by the directors of the Company. If the market value of secured real estates and other collaterals is deteriorated and is below the carrying amount of the corresponding financing advances, provision on impairment may be required.

Impairment of intangible assets

The management of the Group determines whether the intangible assets are impaired (see the accounting policy regarding impairment on tangible and intangible assets other than goodwill). The impairment loss for intangible assets is recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of intangible assets mainly have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and/or discount rates. As at 31 March 2020, the carrying amounts of intangible assets are approximately HK$180,361,000 (2019: HK$188,339,000). No impairment losses were recognised as at 31 March 2020 and 2019.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Useful lives of intangible assets

The license is an intangible asset acquired from third parties with indefinite useful life. The license allows the Group to conduct the sale and purchase of bitcoin and Japanese Yen through ATMs.

Trading rights mainly comprise the trading rights in the Stock Exchange and the Hong Kong Futures Exchange Limited (the "HKFE"). These rights allow the Group to trade securities and futures contracts on or through these exchanges.

The club membership is an intangible asset acquired from third parties with indefinite useful life.

The Group's licenses, trading rights and club membership are classified as indefinite-lived intangible assets in accordance with HKAS 38 "Intangible Assets". This conclusion is supported by the fact that there were no specific terms for the rights and the directors of the Company expected that the business underlying the rights can be operated perpetually. Under HKAS 38, the Group re-evaluates the useful lives of the licences at the end of each reporting period to determine whether events and circumstances continue to support the view of indefinite useful life for the assets. As at 31 March 2020, the carrying amount of trading rights, club membership and license of the Group are approximately nil, HK$1,280,000 and HK$179,081,000 (2019: HK$7,978,000, HK$1,280,000 and HK$179,081,000) respectively.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2020, the carrying amount of goodwill is approximately HK$9,028,000 (2019: HK$266,468,000), net of accumulated impairment loss of HK$3,817,000 (2019: HK$177,068,000) as detailed in note 22. During the year ended 31 March 2020, impairment loss of HK$257,440,000 (2019: HK$173,251,000) is recognised.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the Company are responsible in determining the appropriate valuation techniques and inputs for fair value measurements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Fair value measurements and valuation processes *(Continued)*

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The directors of the Company regularly assess the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments, including unlisted promissory note receivable, unlisted exchangeable bonds, put option of non-controlling interest and put option to the promissory note holder. Note 7 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

Crypto-currencies

Management considers that the Group's crypto-currencies are a commodity. As Hong Kong Financial Reporting Standards do not define the term "commodity", management has considered the guidance in HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("HKAS 8") that allows an entity to consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practice to the extent that these do not conflict with the requirements of the Hong Kong Financial Reporting Standards and the Hong Kong Accounting Standards Board Conceptual Framework. Under United States Generally Accepted Accounting Principles (US GAAP) as set out in the Master Glossary of the Accounting Standards Codification, a commodity has been defined as "products whose units are interchangeable, are traded on an active market where customers are not readily identifiable, and are immediately marketable at quoted prices." Based on this definition and the guidance in HKAS 8, management has therefore determined that crypto-currencies are a commodity notwithstanding that crypto-currencies lack physical substance.

The Group's activities include trading crypto-currencies, primarily the buying and selling of crypto-currencies and, therefore, subsequent to initial recognition, crypto-currencies (whether received as consideration for mining activities or acquired through purchase) is held at fair value less costs to sell, reflecting the Group's purpose of holding such crypto-currencies as a commodity broker-trader in accordance with HKAS 2 Inventories. As a result of the crypto-currencies protocol, costs to sell crypto-currencies are immaterial and no allowance is made for such costs. Changes in the amount of crypto-currencies based on fair value are included in profit or loss for the period.

Crypto-currencies is derecognised when the Group disposes of the inventory through its trading activities or when the Group otherwise loses control, and, therefore, access to the economic benefits associated with ownership of the crypto-currencies.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Revenue from transaction verification service

The Group generates revenue by providing computer processing activities for crypto-currencies generation and transaction processing services on the public ledger system known as the crypto-currencies blockchain. In the crypto-currency industry such activity is generally referred to as crypto-currency mining. The Group receives consideration for providing such crypto-currency mining activities in the form of crypto-currencies. The Group has determined that the substance of its crypto-currency mining activities is service provision under the scope of HKFRS 15 *Revenue from Contracts with Customers* notwithstanding that there is no contractual arrangement under which it provides such services as the services are provided instead through open source software being the crypto-currencies protocol. Furthermore, the nature of the crypto-currencies protocol is such that the Group is unable to determine in advance the consideration that it will receive, if any, for the crypto-currency mining services that it provides and, therefore, the Group is unable to estimate reliably the outcome of its mining activities in advance of actual receipt of consideration in the form of crypto-currencies. Because of the uncertainty over both the timing and amount of the consideration that the Group will receive for undertaking mining activities, management has determined that revenue should only be recognised on actual receipt of crypto-currencies as consideration for services provided.

Crypto-currencies received for mining activities are, therefore, recognised as revenue at fair value on the day of receipt in a private crypto-currencies wallet controlled by the Group. The fair value of crypto-currencies received is determined in accordance with the Group's accounting policy. Crypto-currencies received are recognised immediately as "crypto-currencies" into the trading book. As revenue from crypto-currency mining activity is measured on an as received basis revenues are neither earned on a constant basis over time, nor necessarily in a direct relationship to computer processing capacity utilised. As a consequence, future generation of crypto-currencies and, therefore future revenue, from crypto-currency mining activities may be subject to volatility due to factors outside the Group's control.

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and issue of new debt.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets		
Financial assets at FVTPL	**41,212**	105,481
Financial assets at amortised cost (including cash and cash equivalents)	**553,712**	796,350
	594,924	901,831
Financial liabilities		
Financial liabilities at FVTPL		
– Derivative financial instrument	**59,205**	53,638
At amortised cost	**562,377**	988,299
	621,582	1,041,937

Offsetting of financial assets and financial liabilities

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Group maintained accounts with the Hong Kong Securities Clearing Company Limited ("HKSCC") through which they conducted securities trading transactions and settlement on a net basis.

In presenting the amounts due from and to HKSCC (included in trade receivables or trade payables with clearing house), the Group has offset the gross amount of the accounts receivable from and the gross amount of the accounts payable to HKSCC. The amounts offset and the net balances are shown as follows:

	Gross amount HK$'000	Amount offset HK$'000	Net amount receivable (payable) HK$'000
2019			
Trade receivable from HKSCC	22,229	(12,251)	9,978
Trade payable to HKSCC	(12,251)	12,251	–

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, loan and interest receivables, deposits, trade and other receivables, held-for-trading financial assets, amount due from ultimate holding company, amount due from immediate holding company, amount due from a shareholder, amount due from a non-controlling shareholder, amounts due from related companies, amounts due from associates, bank balances and cash, trade and other payables, amounts due to shareholders, amount due to a director, amounts due to associates, amounts due to non-controlling shareholders, loan from a director, loan from a subsidiary of non-controlling shareholder, loan from a related company, borrowings, convertible bonds, derivatives financials instruments and promissory notes payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate 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.

Market risk

(i) Currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

Certain loan and interest receivables are denominated in JPY, certain bank balances are denominated in RMB, HK$ and US$, certain payment in advance and trade payable are denominated in US$, EUR and GBP, and certain bank borrowings are denominated in JPY, which are currencies other than the functional currency of the relevant group entities.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Currency risk (Continued)

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

	2020		2019	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
RMB	**106**	**–**	2	–
United States dollar ("US$")	**54**	**368**	469	817
Euro ("EUR")	**4,505**	**841**	1,177	191
Great British Pound ("GBP")	**603**	**65**	1,142	7
Japanese yen ("JPY")	**44,384**	**109,236**	137,321	144,350

Sensitivity analysis

As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/HK$ exchanges rate. In the opinion of the directors of the Company, the foreign currency sensitivity analysis does not give additional value in view of insignificant movement in the US$/HK$ exchange rate.

No sensitivity analysis is presented for RMB, EUR and GBP as in the opinion of the directors of the Company, the expected change in foreign exchange rates of these currencies will not have significant impact on the loss during the years ended 31 March 2020 and 2019.

If a 5% increase/decrease in JPY against the HK$ and all other variables were held constant, the Group's loss after tax for the year would increase/decrease by approximately HK$2,707,000 (2019: decrease/increase by HK$293,000). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis includes cash and cash equivalents where the denomination is JPY other than the functional currency.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate loan receivables, other borrowings, loan from a director, loan from a subsidiary of non-controlling shareholder, promissory notes receivable and payables and convertible bonds. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. To mitigate the impact of interest rate fluctuations, the Group assesses and monitors the exposure to interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing market rates on bank balances.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period. The analysis is prepared assuming the amount of assets and liabilities outstanding at the end of reporting period was outstanding for the whole year. A 10 basis point (2019: 10 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 10 basis point (2019: 10 basis point) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2020 would decrease/increase by approximately HK$30,000 (2019: HK$72,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable rate bank balances.

(iii) Other price risk

The Group is exposed to equity price risk through its derivative financial instrument. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(iii) Other price risk (Continued)

Sensitivity analysis

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

If the stock prices of the Company had been 5% higher/lower, post-tax loss for the year ended 31 March 2020 would increase by approximately HK$1,000 (2019: HK$310,000) and decrease by approximately HK$2,000 (2019: HK$144,000) for the Group respectively as a result of the changes in fair value of derivative financial instrument.

Credit risk

As at the end of each reporting period, the Group's maximum 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 recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables, and loan and interest receivables. Management has a credit policy in place and the exposures to the credit risk are monitored on an on-going basis.

In respect of trade receivables due from securities dealing and broking clients, individual credit evaluations are performed on all clients including cash and margin clients. Cash clients are required to place deposits as prescribed by the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted by the relevant market convention, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the trade receivables due from cash clients is considered to be minimal. For margin clients, the Company normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral of each margin account are monitored by management on a daily basis. Margin calls and forced liquidation will be made where necessary in order to recover the outstanding debts. As at 31 March 2019, the top and top 5 of margin clients constitute 16% and 45% of trade receivables from margin clients respectively. The total market value of securities pledged as collateral in respect of the top and these top 5 margin clients were approximately HK$96,274,000 and HK$143,851,000 respectively.

In respect of trade receivables from clearing house, credit risks are considered to be limited as the Company normally enters into transactions with clearing house which are registered with regulatory bodies and with sound reputation in the industry.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

In respect of loan and interest receivables, representing financing advances to customers under the Group's loan financing business, individual credit evaluations are performed. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

As at 31 March 2020, 26% (2019: 13%) of all financing advances given out are backed by real estates and motor vehicles situated in Chongqing, the PRC as a security. The Group also verified legal ownership and the valuation of the collaterals. An advance given out is based on the value of collaterals and is generally less than the estimated value of the collaterals. The Group closely monitors the ownership and value of the collaterals throughout the loan period. Advances to customers are due by the date as specified in the corresponding loan agreements.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 March 2020, 10% (2019: 9%) of the total loan receivables was due from the Group's largest customer.

The maximum exposure to credit risk without taking account of the collateral held is represented by the carrying amount of loan receivables as at the end of the reporting period. The Group does not provide any guarantees which would expose the Group to credit risk.

The credit risk for bank balances is considered minimal as such amounts are placed with banks with high credit ratings assigned by international credit-rating agencies.

For trade receivables (except interest receivables), the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on an individual basis for customer with significant balances and/or collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables and considerations receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

Management considered amounts due from ultimate holding company/immediate holding company/a shareholder/a non-controlling shareholder/related parties/associates to be low credit risk and thus the impairment provision recognised during the year was limited to 12-month ECL.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The Group's concentration of credit risk by geographical location for customers is mainly in Hong Kong and in the PRC, which accounted for 57% and 32% (2019: 65% and 21%) of the total trade receivables as at 31 March 2020 respectively.

The Group's concentration of credit risk of loan receivables by geographical locations is mainly in the PRC, which accounted for 75% (2019: 71%) of the total loan receivables as at 31 March 2020.

With respect to credit risk arising from trade receivables, the Group has limited concentration of credit risk as it has a large number of customers in sales of alcoholic beverage and auction business segment.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant increase in credit risk on other financial instruments of the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The Group's exposure to credit risk

In order to minimise the credit risk, the management of the Group has delegated a team responsible to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and reasonable and supportive forward-looking information. Especially the following indicators are incorporated.

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors.

The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category (Grading)	Description	Basis of recognising ECL
Normal BB	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Special mention B	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired
Substandard Doubtful Loss CCC	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The Group's exposure to credit risk (Continued)

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from loan and interest receivables, trade and other receivables are set out in notes 24 and 25 respectively.

The carrying amount of the Group's financial assets at FVTPL as disclosed in note 18 best represents their respective maximum exposure to credit risk. The Group holds no collateral over any of these balances.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The directors of the Company have given careful consideration on the measures currently undertaken in respect of the Group's liquidity position. As disclosed in note 2, the directors of the Company believe that the Company will have sufficient working capital to meet its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity tables

	On demand or within one year HK$'000	More than 1 year and less than 2 years HK$'000	More than 2 years and less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2020					
Non-derivative financial liabilities					
Trade and other payables	23,148	–	–	23,148	23,148
Amount due to shareholders	296	–	–	296	296
Amount due to a director	164	–	–	164	164
Loan from a director	38,000	–	–	38,000	38,000
Loan from a subsidiary of non-controlling shareholder	107,100	–	–	107,100	107,100
Borrowings	113,240	–	–	113,240	103,992
Convertible bonds	–	–	150,000	150,000	121,757
Promissory notes payables	167,920	–	–	167,920	167,920
	449,868	–	150,000	599,868	562,377
Derivatives					
Derivative financial instrument	11,756	–	–	11,756	59,205
Lease liability	10,815	4,990	–	15,805	14,841

7. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity tables (Continued)

	On demand or within one year HK$'000	More than 1 year and less than 2 years HK$'000	More than 2 years and less than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 March 2019					
Non-derivative financial liabilities					
Trade and other payables	145,042	–	–	145,042	145,042
Amount due to a director	1,081	–	–	1,081	1,081
Amounts due to associates	2,832	–	–	2,832	2,832
Amounts due to non-controlling shareholders	707	–	–	707	707
Loan from a director	38,000	–	–	38,000	38,000
Loan from a subsidiary of non-controlling shareholder	107,416	–	–	107,416	106,350
Loan from a related company	–	15,701	–	15,701	14,063
Borrowings	287,022	113,010	–	400,032	369,088
Convertible bonds	1,000	50,048	150,000	201,048	157,832
Promissory notes payables	–	14,000	185,120	199,120	153,304
	583,100	192,759	335,120	1,110,979	988,299
Derivatives					
Derivative financial instrument	11,756	–	–	11,756	53,638

Borrowings and loan from a director with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. At 31 March 2020, the aggregate undiscounted principal amounts of these borrowings and loan from a director amounted to approximately HK$4,000,000 and HK$38,000,000, respectively (2019: HK$162,100,000 and HK$38,000,000, respectively). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the lenders will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that these borrowings and loan from a director will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows of other borrowings and loan from a director will amount to approximately HK$4,211,000 and HK$42,117,000 (2019: HK$169,860,000 and HK$42,117,000).

7. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The level in the fair value hierarchy within which the financial asset (liability) is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets (liabilities) of the Group at fair value in the consolidated statement of financial position are grouped into fair value hierarchy as follows:

	Fair value as at 2020 HK$'000	Fair value as at 2019 HK$'000	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Financial assets at FVTPL – listed investments	**–**	593	Level 1	Quoted bid price in an active market	N/A	N/A
– unlisted investment	**–**	26,746	Level 2	Fair value quoted by the relevant bank	N/A	N/A
Financial assets at FVTPL – unlisted exchangeable bonds	**–**	78,142	Level 3	Expected Value Model based on probability of different outcomes	Probability where Bartha International Limited and its subsidiary ("Bartha Group") meet the profit target with reference to the profit guarantee amounted HK$15,000,000 for the 24 months ending 31 March 2019 ("Profit Target")	The higher probability of fulfilling Profit Guarantee, the higher the fair value *(note i)*.
				Binomial Option Pricing Model based on the equity value, volatility, risk free rate and option life	Equity value of HK$60,831,000 and volatility of 56.79%	The higher equity value, the higher fair value *(note ii)*. The higher volatility, the higher fair value *(note iii)*.
				Discounted cash flow model based on discount rate and future cash flow	Discount rate of 5.08%	The higher the discount rate, the lower the value *(note iv)*.
Financial assets at FVTPL – unlisted promissory note receivable	**41,212**	–	Level 3	Discounted cash flow model based on discount rate and future cash flow	Discount rate of 8.0%	The higher the discount rate, the lower the value *(note v)*. The higher equity value of CVP Capital, the lower the value *(note v)*.
Derivative financial instrument – put option to non-controlling interests	**9,742**	9,463	Level 3	Monte Carlo simulation Model based on risk free rate, volatilities, share prices and equity value	Volatility of the Company, volatility and equity value of CVP Capital Limited ("CVP Capital") of 31.29% (2019: 99.37%), 49.71% (2019: 44.00%) and HK$1,977,000 (2019: HK$2,664,000) respectively	The higher volatility of the Company, the higher the value *(note vi)*. The higher volatility of CVP Capital, the higher the value *(note vi)*.
– put option to the promissory note holder	**49,463**	44,175	Level 3	Swaption Model	Discount rate of 16.88% (2019: 9.51%)	The higher equity value of CVP Capital, the lower the value *(note vi)*. The higher the discount rate, the lower the value *(note vii)*.

7. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments *(Continued)*

Notes:

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy are detailed as follows:

(i) For the year ended 31 March 2019, the probability where Bartha Group meets the Profit Target does not affect the carrying amount of the exchangeable bonds since the Bartha Group had already met the Profit Target for the 24 months ended 31 March 2019.

(ii) If the equity value to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the unlisted exchangeable bonds as at 31 March 2019 would increase/decrease by approximately HK$1,162,000.

(iii) If the volatility of the Company to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the exchangeable bonds as at 31 March 2019 would increase by approximately HK$1,456,000 and decrease by approximately HK$1,495,000 respectively.

(iv) If the discount rate to the valuation model were 10 basis point higher/lower while all the other variables were held constant, the carrying amount of the exchangeable bonds as at 31 March 2019 would decrease/increase by approximately HK$1,631,000.

(v) If the discount rate to the valuation model were 10 basis point higher/lower while all the other variables were held constant, the carrying amount of the promissory note receivable as at 31 March 2020 would decrease/increase by approximately HK$16,000.

(vi) If these unobservable inputs including volatility of the Company, volatility and equity value in CVP Capital to the valuation model were 5% higher/lower while all the other variables were held constant, the carrying amount of the put option to non-controlling interests would have no significant changes.

(vii) If the discount rate to the valuation model were 10 basis point higher/lower while all the other variables were held constant, the carrying amount of the put option to the promissory note holder would decrease by approximately HK$231,000 (2019: HK$385,000) and increase by approximately HK$232,000 (2019: HK$387,000) respectively.

7. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets (liabilities) on recurring basis:

	Unlisted promissory note HK$'000	Unlisted Exchangeable Bonds HK$'000	Put option to non-controlling interests HK$'000	Put option to the promissory note holder HK$'000	Total HK$'000
At 1 April 2018	–	147,118	(14,901)	–	132,217
Issue of promissory note	–	–	–	(44,175)	(44,175)
Exercised during the year	–	(72,088)	–	–	(72,088)
Gain on fair value changes	–	3,112	5,438	–	8,550
At 31 March 2019	–	78,142	(9,463)	(44,175)	24,504
Disposal of subsidiaries *(note 39(iii))*	40,500	–	–	–	40,500
Gain (loss) on fair value changes	712	(11,519)	(279)	(5,288)	(16,374)
Disposal during the year	–	(66,623)	–	–	(66,623)
At 31 March 2020	41,212	–	(9,742)	(49,463)	(17,993)

Included in the gain or loss in fair value changes is loss of HK$4,855,000 (2019: gain of HK$8,550,000) attributable to the change in unrealised gains or losses relating to financial instruments held at the end of the reporting period.

During the year, there were no transfers between levels of fair value hierarchy.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

8. REVENUE AND SEGMENT INFORMATION

Revenue

The principal activities of the Group are sales of alcoholic beverages, the provision of financial services, the provision of blockchain services, the provision of auction of alcoholic beverages business and the provision of loan financing services. An analysis of revenue, net is as follows:

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers		
Disaggregated of revenue by major products or services lines		
Financial services segment		
– Financial consultancy service income	**3,172**	7,501
– Securities and futures dealing service income	**1,450**	4,831
Sales of alcoholic beverages segment		
– Sales of alcoholic beverages income	**69,392**	114,172
Loan financing services segment		
– Loan referral services income	**6,737**	52,304
Auction segment		
– Auction income	**4,948**	3,680
Blockchain services segment		
– Provision of high performance computing services	**–**	3,209
Total revenue from contracts with customers	**85,699**	185,697
Revenue from other sources		
Financial services segment		
– Interest income – Margin clients	**5,833**	9,383
Loan financing segment		
– Interest income – Real estate-backed loans	**2,059**	5,843
– Interest income – Micro loans	**42,642**	36,985
– Interest income – Other loans	**35,109**	46,269
Blockchain services segment		
– Blockchain services income	**30,141**	26,175
	115,784	124,655
Revenue	**201,483**	310,352

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue *(Continued)*

Disaggregation of revenue by timing of recognition

	2020 HK$'000	2019 HK$'000
Timing of revenue recognition		
At a point in time	**82,527**	174,987
Over Time	**3,172**	10,710
Total revenue from contracts with customers	**85,699**	185,697

Transaction price allocated to the remaining performance obligations

All sales contracts are with an original expected duration of one year or less or contracts for which revenue is recognised at the amount to which that Group has the right to invoice for the performance performed. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period.

Segment Information

Information has been reported to the chief operating decision maker ("CODM") (i.e. the executive directors), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Sales of alcoholic beverages – retail sales and wholesales of wine products and other alcoholic beverages
2. Financial services – provision of financial consultancy service and securities and futures dealing services
3. Blockchain services – provision of transaction verification and high performance computing services
4. Loan financing services – provision of loan financing and loan referral services
5. Auction – provision of auction of alcoholic beverages business

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Segment revenues and results

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

	2020 HK$'000	2019 HK$'000
Revenue		
Sales of alcoholic beverages	**69,392**	114,172
Financial services	**10,455**	21,715
Blockchain services	**30,141**	29,384
Loan financing services	**86,547**	141,401
Auction	**4,948**	3,680
	201,483	310,352
Segment (loss) profit		
Sales of alcoholic beverages	**(13,899)**	(3,664)
Financial services	**(7,127)**	(2,447)
Blockchain services	**(63,382)**	(173,402)
Loan financing services	**(5,213)**	101,410
Auction	**(4,177)**	(1,700)
	(93,798)	(79,803)
Unallocated income	**146,275**	13,419
Unallocated expenses	**(319,528)**	(298,582)
Finance costs	**(55,481)**	(38,122)
Loss before tax	**(322,532)**	(403,088)

Segment (loss) profit represents the (loss) profit from each segment without allocation of central administration costs, directors' salaries and certain other revenue, net trading (loss) gain, change in fair value of exchangeable bonds, change in fair value of derivative financial instrument, impairment loss recognised on goodwill, gain on disposal of subsidiaries and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment assets and liabilities

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

Segment assets

	2020	2019
	HK$'000	HK$'000
Sales of alcoholic beverages	**47,217**	80,102
Financial services	**1,464**	176,431
Blockchain services	**222,785**	279,209
Loan financing services	**420,187**	565,361
Auction	**1,963**	1,182
Total segment assets	**693,616**	1,102,285
Unallocated assets	**169,898**	434,595
Consolidated total assets	**863,514**	1,536,880

Segment liabilities

	2020	2019
	HK$'000	HK$'000
Sales of alcoholic beverages	**14,213**	8,202
Financial services	**171**	68,566
Blockchain services	**813**	35,323
Loan financing services	**16,182**	11,135
Auction	**2,776**	194
Total segment liabilities	**34,155**	123,420
Unallocated liabilities	**631,444**	951,269
Consolidated total liabilities	**665,599**	1,074,689

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

– all assets are allocated to operating segments other than financial assets at FVTPL, deferred tax asset, goodwill, amounts due from ultimate holding company/immediate holding company/a shareholder/a non-controlling shareholder/related companies/associates, tax recoverable, bank balances and cash and certain unallocated head office assets; and

– all liabilities are allocated to operating segments other than amounts due to shareholders/a director/associates/non-controlling shareholders, loan from a director, loan from a subsidiary of non-controlling shareholder, loan from a related company, borrowings, tax payable, deferred tax liability, derivative financial instruments, convertible bonds, promissory notes payables.

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Other segment information

For the year ended 31 March 2020

	Sale of alcoholic beverages HK$'000	Financial services HK$'000	Blockchain services HK$'000	Loan financing services HK$'000	Auction HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets *(Note)*	7,473	–	207	13,581	–	–	21,261
Depreciation	7,695	2,433	14,218	5,781	46	59	30,232
Recoveries on impairment loss on trade receivables previously written off	(136)	–	–	–	–	–	(136)
Net impairment loss recognised on trade receivables	–	270	–	–	–	–	270
Net impairment loss recognised on loan and interest receivables	–	–	–	51,089	–	–	51,089
Change in fair value of crypto-currencies	–	–	538	–	–	–	538
Written off of loans and interest receivables	–	–	–	14,129	–	–	14,129
Net loss on disposals and written off of plant and equipment	–	–	–	–	–	1,640	1,640
Impairment loss recognised on goodwill	–	–	–	–	–	257,440	257,440
Impairment loss recognised on plant and equipment	–	–	21,760	–	–	–	21,760
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:							
Bank interest income	–	–	–	–	–	104	104
Finance costs	–	–	–	–	–	55,481	55,481
Income tax expense (credit)	–	128	–	(4,378)	–	–	(4,250)

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(c) Other segment information *(Continued)*

For the year ended 31 March 2019

	Sale of alcoholic beverages HK$'000	Financial services HK$'000	Blockchain services HK$'000	Loan financing services HK$'000	Auction HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets *(Note)*	128	48	839,871	26	103	165	840,341
Depreciation	3,038	1,286	27,052	1,610	25	21	33,032
Recoveries on impairment loss on trade receivables previously written off	(34)	–	–	–	–	–	(34)
Net impairment loss recognised on trade receivables	474	24	–	–	–	–	498
Net impairment loss recognised on loan and interest receivables	–	–	–	6,482	–	–	6,482
Change in fair value of crypto-currencies	–	–	6,194	–	–	–	6,194
Written off of loans and interest receivables	–	–	–	2,296	–	–	2,296
Net loss on disposals and written off of plant and equipment	–	–	–	–	–	3	3
Impairment loss recognised on goodwill	–	–	–	–	–	173,251	173,251
Impairment loss recognised on plant and equipment	–	–	120,066	–	–	–	120,066
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:							
Bank interest income	–	–	–	–	–	227	227
Finance costs	–	4,055	–	5,927	–	28,140	38,122
Income tax (credit) expense	(184)	(137)	17	16,931	–	–	16,627

Note: Non-current assets excluded financial instruments and deferred tax assets.

8. REVENUE AND SEGMENT INFORMATION *(Continued)*

(d) Geographical information

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets other than financial instruments, deferred tax assets, deposits and loan receivables, is presented based on the geographical location of the assets.

	Revenue from external customers For the year ended 31 March		Non-current assets As at 31 March	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**51,438**	80,858	**3,430**	2,555
Hong Kong	**119,904**	206,100	**25,523**	25,388
Europe	**30,141**	23,394	**–**	339,441
Japan	**–**	–	**179,898**	180,018
	201,483	310,352	**208,851**	547,402

(e) Information about major customers

During the years ended 31 March 2020 and 2019, there is no customer contributing over 10% of the total revenue of the Group.

9. OTHER INCOME

	2020 HK$'000	2019 HK$'000
Bank interest income	**104**	227
Consignment income	**292**	855
Net exchange gain	**52**	2,058
Recoveries on impaired losses on trade receivables previously written off	**136**	34
Other handling fee income	**–**	1,251
Government grants *(Note 37)*	**1,680**	300
Gain on disposal of an exchangeable bond	**377**	–
Others	**689**	3,616
	3,330	8,341

10. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest expense on:		
– convertible bonds	**13,642**	13,578
– promissory note	**14,616**	1,102
– other borrowings	**19,233**	17,520
– loan from a director	**3,800**	3,800
– loan from a subsidiary of non-controlling shareholder	**3,226**	2,122
– lease liabilities	**964**	–
	55,481	38,122

11. INCOME TAX (CREDIT) EXPENSE

	2020 HK$'000	2019 HK$'000
Current tax:		
Hong Kong Profits Tax	**3,474**	6,662
PRC Enterprise Income Tax ("EIT")	**4,654**	10,802
	8,128	17,464
Deferred taxation *(Note 21)*	**(12,378)**	(837)
	(4,250)	16,627

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits during both years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the year ended 31 March 2020 and 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Tax exemptions represented reduction of Hong Kong Profits Tax for the year of assessment of 2019/2020 and 2018/2019, subject to a ceiling of HK$20,000 for both years.

Profits of the subsidiaries established in the PRC are subject to PRC EIT during both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory EIT tax rate of the PRC subsidiaries is 25% for both years. Further 10% withholding income tax is generally imposed on dividends relating to profits.

11. INCOME TAX (CREDIT) EXPENSE *(Continued)*

No provision for Gibraltar Corporate Tax and Sweden Income Tax have been made as the Group did not have any assessable profits subject to Gibraltar Corporate Tax and Sweden Income Tax respectively for the year ended 31 March 2020 and 2019.

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

	2020 **HK$'000**	2019 HK$'000
Loss before tax	**(322,532)**	(403,088)
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(54,635)**	(63,828)
Tax effect of income not taxable for tax purpose	**(24,768)**	(7,113)
Tax effect of expenses not deductible for tax purpose	**72,826**	87,374
Utilisation of tax losses previously not recognised	**–**	(2,577)
Tax effect of tax losses not recognised	**2,492**	2,892
Temporary difference not recognised	**40**	84
Effect of tax exemptions granted	**(40)**	(40)
Effect of two-tiered profits tax rates regime	**(165)**	(165)
Income tax (credit) expense for the year	**(4,250)**	16,627

12. LOSS FOR THE YEAR

	2020 HK$'000	2019 HK$'000
Loss for the year has been arrived at after charging:		
Directors' emoluments *(Note 13)*	**10,633**	25,413
Salaries, allowances and other benefits	**55,577**	53,246
Sales commission	**204**	861
Contributions to retirement benefits scheme	**3,478**	3,024
Equity-settled share-based payment expenses – employees	**4,088**	12,546
Total staff costs	**73,980**	95,090
Auditor's remuneration[2]	**1,320**	1,800
Write-down of inventories[1]	**150**	–
Cost of inventories recognised as expense[1]	**55,842**	87,551
Equity-settled share-based payment expenses – consultants[2]	**830**	2,719
Net loss on disposals and written off of plant and equipment[2]	**1,640**	3
Net impairment loss recognised on trade receivables[2]	**270**	498
Net impairment loss recognised on loan and interest receivables	**51,089**	6,482
Written off of loans and interest receivables[2]	**14,129**	2,296
Minimum lease payments under operating leases in respect of office premises, warehouses and shop	**–**	17,201

1 Amounts included in cost of operations

2 Amounts included in administrative and other operating expenses

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of directors were as follows:

Year ended 31 March 2020

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Share-based payments HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and/or its subsidiary undertakings					
Executive directors					
Mr. Chen Ying-chieh *(Note i)*	–	440	1,232	–	1,672
Mr. Hankoo Kim *(Note ii)*	–	308	1,232	–	1,540
Mr. Zhu Qin *(Note iii)*	–	912	–	12	924
Ms. Kuo Kwan	–	1,852	309	36	2,197
Mr. Zhang Li *(Note iv)*	–	309	–	7	316
Mr. Ting Pang Wan Raymond *(Note v)*	–	1,200	–	9	1,209
Mr. Zhou, Francis Bingrong *(Notes vi)*	–	1,080	–	9	1,089
Emoluments paid or receivable in respect of a person's services as a director of the Company and/or its subsidiary undertaking:					
Non-executive director					
Mr. Ip Cho Yin, *J.P.* *(Note xi)*	180	–	24	–	204
Mr. Ji Zuguang *(Note vii)*	–	900	24	15	939
Mr. Zhang Li *(Note iv)*	24	–	24	–	48
Independent non-executive directors					
Ms. Fan Wei	180	–	–	–	180
Mr. Chu Kin Wang Peleus	180	–	–	–	180
Dr. Lau Reimer, Mary Jean *(Note viii)*	135	–	–	–	135
	699	7,001	2,845	88	10,633

13. DIRECTORS' EMOLUMENTS *(Continued)*

Year ended 31 March 2019

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Share-based payments HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and/or its subsidiary undertaking					
Executive directors					
Mr. Ting Pang Wan Raymond *(Note v)*	–	6,254	–	18	6,272
Mr. Zhu Qin *(Note iii)*	–	1,690	2,137	18	3,845
Mr. Zhou, Francis Bingrong *(Note vi)*	–	884	–	12	896
Mr. Teoh Ronnie Chee Keong *(Note ix)*	–	1,405	5,342	14	6,761
Ms. Kuo Kwan	–	650	5,342	18	6,010
Mr. Xiong Hu *(Note x)*	–	126	–	–	126
Emoluments paid or receivable in respect of a person's services as a director of the Company and/or its subsidiary undertaking					
Non-executive director					
Mr. Ip Cho Yin, *J.P.* *(Note xi)*	180	–	321	–	501
Independent non-executive directors					
Mr. Chu Kin Wang Peleus	180	–	321	–	501
Ms. Fan Wei	180	–	321	–	501
	540	11,009	13,784	80	25,413

13. DIRECTORS' EMOLUMENTS *(Continued)*

Notes:

(i) Appointed as executive director, chairman and chief executive officer on 19 November 2019.

(ii) Appointed as executive director on 19 November 2019.

(iii) Resigned as executive director and deputy chairman on 19 November 2019.

(iv) Appointed as non-executive director on 3 October 2019 and re-designated as executive director on 22 November 2019.

(v) Resigned as executive director and chairman on 3 October 2019.

(vi) Appointed on 17 April 2018 and resigned on 24 August 2018 and re-appointed on 7 January 2019 and resigned as executive director and chief executive officer on 3 October 2019.

(vii) Appointed as non-executive director and chairman on 3 October 2019 and ceased as chairman on 19 November 2019.

(viii) Appointed on 4 June 2019.

(ix) Appointed on 25 September 2017 and resigned on 11 December 2018.

(x) Appointed on 24 August 2018 and resigned on 24 October 2018.

(xi) Re-designated from an independent non-executive director to non-executive director on 7 March 2019.

During the years ended 31 March 2020 and 2019, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived or agreed to waive any emoluments during the years ended 31 March 2020 and 2019.

There is no discretionary bonus paid during the years ended 31 March 2020 and 2019.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2019: four) were directors of the Company for the year ended 31 March 2020, whose emoluments are disclosed in note 13 above. The emoluments of the remaining two (2019: one) individuals was as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances and other benefits	2,824	4,991
Contributions to retirement benefits scheme	35	18
	2,859	5,009

Their emoluments were within the following bands:

	Number of individuals 2020	 2019
HK$1,000,001 to HK$1,500,000	1	–
HK$1,500,001 to HK$2,000,000	1	–
HK$5,000,001 to HK$5,500,000	–	1
	2	1

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 years ended 31 March 2020 and 2019.

15. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

16. LOSS PER SHARE

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

	2020 HK$'000	2019 HK$'000
Loss		
Loss for the purpose of basic loss per share for the year attributable to the owners of the Company	**(278,922)**	(369,244)
Effect of dilutive potential ordinary shares:		
Change in fair value of put option to non-controlling interests in CVP Capital Limited and loss attributable to the owners to the Company	**(982)**	(9,948)
Loss for the purpose of diluted loss per share	**(279,904)**	(379,192)

	2020	2019
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**5,192,726,898**	4,215,866,097

The computation of diluted loss per share does not assume the outstanding shares options and outstanding convertible bonds since their exercise would result in a decrease in loss per share for the year ended 31 March 2020 and 2019.

The denominators used are the same as these detailed above for both basic and diluted loss per share.

17. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Crypto-currencies mining machine HK$'000	Shop equipment HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST						
At 1 April 2018	20,175	–	539	12,589	7,064	40,367
Additions	304	5,572	31	15	–	5,922
Additions from acquisition of subsidiaries *(Note 38)*	–	223,548	–	1,099	–	224,647
Disposals and written off	(493)	–	–	(308)	–	(801)
Exchange realignment	(58)	(10)	–	(124)	(328)	(520)
At 31 March 2019	19,928	229,110	570	13,271	6,736	269,615
Additions	771	–	5	1,392	280	2,448
Disposal of subsidiaries *(Note 39)*	(2,322)	(224,154)	–	(4,505)	–	(230,981)
Disposals and written off	(631)	–	(31)	(1,677)	(352)	(2,691)
Exchange realignment	(28)	(4,956)	–	(27)	(324)	(5,335)
At 31 March 2020	17,718	–	544	8,454	6,340	33,056
ACCUMULATED IMPAIRMENT AND DEPRECIATION						
At 1 April 2018	13,491	–	497	4,916	5,598	24,502
Charge for the year	3,628	27,052	12	1,182	1,158	33,032
Impairment loss for the year	–	120,066	–	–	–	120,066
Eliminated upon disposals and written off	–	–	–	(246)	–	(246)
Exchange realignment	–	(9)	–	(61)	(264)	(334)
At 31 March 2019	17,119	147,109	509	5,791	6,492	177,020
Charge for the year	1,314	15,937	14	1,320	40	18,625
Impairment loss for the year	–	21,760	–	–	–	21,760
Disposal of subsidiaries *(Note 39)*	(2,317)	(181,112)	–	(1,369)	–	(184,798)
Eliminated upon disposals and written off	–	–	(1)	(22)	(343)	(366)
Exchange realignment	(21)	(3,694)	–	(20)	(300)	(4,035)
At 31 March 2020	16,095	–	522	5,700	5,889	28,206
CARRYING VALUES						
At 31 March 2020	1,623	–	22	2,754	451	4,850
At 31 March 2019	2,809	82,001	61	7,480	244	92,595

17. PLANT AND EQUIPMENT *(Continued)*

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

Leasehold improvements	Over the term of the lease
Crypto-currencies mining machine	30%
Shop equipment	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	30%

During the year ended 31 March 2020 and 2019, the directors of the Company conducted a review of the Group's crypto-currencies mining machine and determined that a number of those assets were impaired, due to drop in market price of crypto-currencies resulting in their carrying values are not expected to be fully recoverable. Accordingly, impairment loss of approximately HK$21,760,000 (2019: HK$120,066,000) have been recognised in respect of plant and equipment, which are used in the blockchain services segment. The recoverable amounts of the relevant assets have been determined on the basis of their fair value less cost of disposal based on market approach with reference to recent transaction price (2019: value in use). For the year ended 31 March 2019, the discount rate adopted in measuring the amounts of value in use was 22.51% in relation to plant and equipment.

18. FINANCIAL ASSETS AT FVTPL

	2020 **HK$'000**	2019 HK$'000
Unlisted promissory note receivable *(Note a)*	**41,212**	–
Unlisted exchangeable bonds *(Note b)*	**–**	78,142
Unlisted investments *(Note c)*	**–**	26,746
Held for trading investments *(Note d)*		
Equity securities listed in Hong Kong	**–**	593
	41,212	105,481
Analysed for reporting purposes as:		
Non-current assets at FVTPL	**–**	78,142
Current assets at FVTPL	**41,212**	27,339
	41,212	105,481

18. FINANCIAL ASSETS AT FVTPL *(Continued)*

Note:

(a) The promissory note with a principal amount of HK$40,500,000 form part of the consideration receivables from disposal of Novel Idea as disclosed in Note 39(iii). The fair value of the promissory note at initial recognition is HK$40,500,000, measured by discounting the estimated contractual cash flows at effective interest rate of 5%. The maturity date of this promissory note is on the 1st anniversary from the issue date (i.e. 27 August 2020) and therefore classified as current asset.

During the year ended 31 March 2020, the gain from fair value change of promissory note receivable is HK$712,000. The basis of fair value measurement is disclosed in note 7(c).

(b) On 28 July 2017, CVP Financial, the directly non-wholly owned subsidiary of the Company, subscribed for zero coupon exchangeable bonds (the "Exchangeable Bonds") in a principal amounting to HK$150,000,000 issued by Bartha Holdings Limited ("Bartha Holdings"), an unlisted company and 85.25% beneficially owned by Mr. Ting. The subscription was satisfied by the Company by way of issuance of convertible bonds in the principal amount of HK$150,000,000 (Note 33). The Exchangeable Bonds will mature on 27 July 2022 (the "Maturity Date"). CVP Financial is entitled to convert the whole Exchangeable Bonds into all of the shares in Bartha International Limited ("Bartha Shares"), a company incorporated in Hong Kong with limited liability, owned by Bartha Holdings, with no additional consideration on any business day and from time to time, after 3 years from the date of issue and up to and including the Maturity Date (the "Exchange Period"). If the Exchangeable Bonds is not converted into Bartha Shares, the Exchangeable Bonds will be redeemed by Bartha Holdings.

In the event that Bartha Holdings fails to meet the Profit Target, the holder of the Exchangeable Bonds may, at any time before the Maturity Date, give not less than 20 Business Days' prior written notice to Bartha Holdings to redeem the Exchangeable Bonds and Bartha Holdings shall within one month pay a redemption price equivalent to 100% of the outstanding principal amount of the Exchangeable Bonds in cash or setting off the convertible bonds (Note 33). Details are disclosed in the Company's circular dated 29 June 2017.

On 17 November 2017, CVP Financial and Bartha Holdings entered into the Deed of Modification pursuant to which, the parties conditionally agreed to amend the original Exchange Period, allowing CVP Financial, as holder of the Exchangeable Bonds, to exchange (i) for the number of Bartha Shares up to 49% of the entire issued share capital in Bartha International during the period from the date of issue of the Exchangeable Bonds up to and including 31 March 2020, and (ii) all outstanding Exchangeable Bonds from 1 April 2018 up to and including the Maturity Date. Details are disclosed in the Company's circular dated 28 February 2018.

CVP Financial and Bartha Holdings had also entered into the put option deed at zero consideration, pursuant to which Bartha Holdings shall grant to CVP Financial the right (but not obligation) to require Bartha Holdings to acquire all the Bartha Shares held by it immediately prior to the exercise of the Put Option at the purchase price equivalent to the aggregate of (i) the principal amount of the Exchangeable Bonds being exchanged, and (ii) any further investment made by CVP Financial and its related parties after the exercise of 49% of the Exchangeable Bonds. The Put Option right will be exercisable on the condition that the Bartha Group cannot meet the Profit Target.

On 31 May 2018, CVP Financial exercised the exchange rights to exchange the carrying amount of the Exchangeable Bonds amounted approximately HK$72,088,000 into 49% Bartha Shares.

The fair value of the Exchangeable Bonds is based on the valuation conducted by an independent valuer. The fair value of the Exchangeable Bonds as a whole is determined by using the Expected Value Model.

18. FINANCIAL ASSETS AT FVTPL *(Continued)*

Note: (Continued)

(b) *(Continued)*

For valuing the Exchangeable Bonds, the independent valuer had considered two scenarios to obtain the fair value of the Exchangeable Bonds. The first scenario ("Scenario 1"), where the Profit Target can be met and the second scenario ("Scenario 2"), where the Profit Target cannot be met. As advised by the management of the Company (the "Management"), the probabilities were assumed to be 100% for Scenario 1 and 0% for Scenario 2 based on the actual profit of Bartha Group for the year ended 31 March 2019.

Under the Scenario 1, the fair value of the Exchangeable Bonds as a whole is determined by using the Binomial Option Pricing Model based on the equity value, volatility, risk free rate and option life.

Under the Scenario 2, where the Profit Target cannot be met, the Exchangeable Bonds shall be redeemed by Bartha Holdings. The fair value of the Exchangeable Bonds is the present value of the principal amount of the Exchangeable Bonds.

The fair value of the Exchangeable Bonds is weighted average, with respect to the probabilities of Scenario 1 and Scenario 2 as provided by the Management, of the fair values under Scenario 1 and Scenario 2.

During the year ended 31 March 2020, the Group recognised a loss from change in fair value of exchangeable bonds amounted to approximately HK$11,519,000 (2019: gain of approximately HK$3,112,000).

On 18 February 2020, the Group disposed of the exchangeable bonds to an independent third party to the Group for a cash consideration of HK$67,000,000. The consideration receivables of HK$67,000,000 is included in other receivable as at 31 March 2020 (Note 25).

(c) As at 31 March 2019, the unlisted funds managed by the bank in the PRC with underlying financial instrument mainly consist of the bank deposits and bonds of the PRC with approximately HK$26,746,000.

(d) As at 31 March 2019, the fair value of listed equity securities is determined based on the quoted market bid prices available on the Stock Exchange.

19. INTANGIBLE ASSETS

	Club membership HK$'000	Trading rights HK$'000	License HK$'000	Total HK$'000
COST				
At 1 April 2018	1,280	7,978	–	9,258
Acquisition of subsidiaries *(Note 38)*	–	–	179,081	179,081
At 31 March 2019	1,280	7,978	179,081	188,339
Disposal of subsidiaries *(Note 39(i))*	–	(7,978)	–	(7,978)
At 31 March 2020	1,280	–	179,081	180,361
CARRYING AMOUNTS				
At 31 March 2020	1,280	–	179,081	180,361
At 31 March 2019	1,280	7,978	179,081	188,339

Trading rights mainly comprise the trading rights in the Stock Exchange and the HKFE. These rights allow the Group to trade securities and futures contracts on or through these exchanges.

The club membership is an intangible asset acquired from third parties with indefinite useful life.

On 11 January 2019, the Company completed the acquisition of 67.2% interest in BITOCEAN Co., Ltd. ("BITOCEAN") from 6 independent individuals who are not connected with the Group for consideration of JPY1,680,000,000 (equivalent to approximately HK$121,456,000). The acquisition is to develop the Company's virtual currency auto teller machine trading platform business.

This acquisition has been accounted for acquisition of assets. The amount of intangible asset arising as a result of the acquisition representing a license was HK$179,081,000, which allows BITOCEAN to conduct the sale and purchase of bitcoin and Japanese Yen through auto teller machines.

Impairment testing on trading rights with indefinite useful lives

The trading rights held by the Group are considered by the directors of the Company as having indefinite useful lives because they are expected to contribute to net cash inflow indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and wherever there is an indication that they may be impaired.

No impairment loss has been recognised for the year ended 31 March 2020 and 2019 as the directors of the Company are of the opinion that the recoverable amount was higher than the carrying amount.

19. INTANGIBLE ASSETS *(Continued)*

Impairment testing on trading rights with indefinite useful lives *(Continued)*

The recoverable amount of the trading rights at 31 March 2019 had been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 15%. The license's cash flows beyond the 5-year period are extrapolated using a steady 2% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Impairment testing on club membership with indefinite useful life

The club membership held by the Group is considered by the directors of the Company as having indefinite useful life because it is a life-time membership which has no explicit legal life. The club membership will not be amortised until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and wherever there is an indication that they may be impaired.

No impairment loss has been recognised for the year ended 31 March 2020 and 2019 as the directors of the Company are of the opinion that the recoverable amount was higher than the carrying amount. The recoverable amount has been determined based on fair value of club membership.

The fair value of the Group's club membership at the end of each reporting period have been determined by the directors of the Company with by reference to recent market prices for similar assets in similar transaction and conditions.

Impairment testing on license with indefinite useful life

The license held by the Group are considered by the directors of the Company as having indefinite useful life because it is expected to contribute to net cash inflow indefinitely. The license will not be amortised until its useful life is determined to be finite. Instead, it will be tested for impairment annually and wherever there is an indication that they may be impaired.

No impairment loss has been recognised for the year ended 31 March 2020 and 2019 as the directors of the Company are of the opinion that the recoverable amount was higher than the carrying amount. The recoverable amount has been determined based on value-in-use of the license.

The recoverable amount of this license has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and discount rate of 15.18% (2019: 14.53%). The license's cash flows beyond the 5-year period are extrapolated using a steady 1.29% (2019: 1.41%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

20. LEASES

(i) Right-of-use assets

	HK$'000
At 1 April 2019	12,757
Addition	18,813
Disposal of subsidiaries *(Note 39)*	(5,305)
Depreciation	(11,607)
Exchange realignment	(46)
At 31 March 2020	14,612

The Group has leased arrangements for leased properties (office premises, warehouses and shops). The lease terms are generally two to five years. Upon adoption of HKFRS 16, on 1 April 2019, the Group recognised right-of-use assets of approximately HK$12,757,000 in respect of the leased properties (office premises, warehouses and shops). Additions to the right-of-use assets for the year ended 31 March 2020 amounted to approximately HK$18,813,000, due to new leases of properties. As at 31 March 2020, the carrying amount of right-of-use assets was approximately HK$14,612,000 in respect of the leased properties.

(ii) Lease liabilities

	31 March 2020 HK$'000	1 April 2019 HK$'000
Non-current	**4,752**	7,164
Current	**10,089**	5,393
	14,841	12,557

Amount payable under lease liabilities

	31 March 2020 HK$'000
Within one year	**10,089**
After one year but within two years	**4,752**
Less: Amount due for settlement within 12 months (shown under current liabilities)	**10,089**
Amount due for settlement after 12 months	**4,752**

20. LEASES *(Continued)*

(ii) Lease liabilities *(Continued)*

Upon adoption of HKFRS 16, on 1 April 2019, the Group recognised total lease liabilities of approximately HK$12,557,000. During the year ended 31 March 2020, the Group entered into a number of new lease agreements in respective of renting properties and recognized lease liability of approximately HK$18,813,000. As at 31 March 2020, the carrying amount of lease liabilities was approximately HK$14,841,000.

(iii) Amounts recognised in profit or loss

	Year ended 31 March 2020 HK$'000
Expense relating to short-term leases	**7,505**
Depreciation	**11,607**
Interest expense on lease liabilities	**964**

(iv) Others

The total cash outflow for leases including interest paid on lease liabilities and payment of lease liabilities amount to approximately HK$19,570,000.

21. DEFERRED TAX ASSET (LIABILITY)

	2020 HK$'000	2019 HK$'000
Deferred tax asset	**19,776**	8,005
Deferred tax liability	**(893)**	(1,605)
	18,883	6,400

The following is the major deferred tax asset and liability recognised and movements thereon during the current and prior years:

	Withholding tax on undistributed profit of subsidiaries in the PRC HK$'000	Fair value adjustments arising from acquisition of a subsidiary HK$'000	Impairment on loan receivables HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2018	(650)	(813)	6,813	613	5,963
Arising from acquisition of a subsidiary *(Note 38)*	–	–	–	(2)	(2)
(Charged) credited to profit or loss *(Note 11)*	(157)	–	673	321	837
Exchange realignment	14	–	(412)	–	(398)
At 31 March 2019 and 1 April 2019	(793)	(813)	7,074	932	6,400
Disposal of subsidiaries *(Note 39)*	–	813	–	2	815
(Charged) credited to profit or loss *(Note 11)*	(89)	–	12,595	(128)	12,378
Exchange realignment	2	–	(712)	–	(710)
At 31 March 2020	(880)	–	18,957	806	18,883

At 31 March 2020, the Group had unused tax loss of approximately HK$83,310,000 (2019: HK$79,839,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax loss due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$18,453,000 (2019: HK$1,622,000) as at 31 March 2020 that will expire in five years from the dates they were incurred. Other losses may be carried forward indefinitely.

21. DEFERRED TAX ASSET (LIABILITY) *(Continued)*

At 31 March 2020, the Group has deductible temporary differences derived from plant and equipment and impairment of loan and trade receivables of approximately HK$4,872,000 (2019: HK$9,700,000) and HK$81,506,000 (2019: HK$30,073,000) respectively. A deferred tax asset has been recognised in relation to approximately HK$4,872,000 (2019: HK$5,648,000) and HK$80,916,000 (2019: HK$29,597,000) of such temporary differences respectively. No deferred tax asset has been recognised in relation to remaining temporary differences of approximately nil (2019: HK$4,052,000) and HK$590,000 (2019: HK$476,000) respectively as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 March 2020, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately HK$77,313,000 (2019: HK$87,987,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

22. GOODWILL

	2020 **HK$'000**	2019 HK$'000
COST		
At the beginning of the financial year	**443,536**	12,845
Arising on acquisitions of subsidiaries *(Note 38)*	**–**	430,691
Eliminated on disposal of subsidiaries *(Note 39)*	**(430,691)**	–
At the end of the financial year	**12,845**	443,536
IMPAIRMENT		
At the beginning of the financial year	**177,068**	3,817
Impairment recognised during the year	**257,440**	173,251
Eliminated on disposal of subsidiaries *(Note 39)*	**(430,691)**	–
At the end of the financial year	**3,817**	177,068
CARRYING AMOUNTS		
At 31 March	**9,028**	266,468

For the purposes of impairment test, goodwill has been allocated to individual CGUs, being the subsidiaries, Starlight Financial Holdings Limited ("Starlight Financial") and Diginex High Performance Computing Limited ("Diginex HPC").

22. GOODWILL *(Continued)*

	2020 HK$'000	2019 HK$'000
Starlight Financial – loan financing services segment	**9,028**	9,028
Diginex HPC – blockchain services segment	**–**	257,440
	9,028	266,468

For the purposes of impairment testing, goodwill have been allocated to two individual cash-generating units, comprising three subsidiaries.

Starlight Financial

The recoverable amount of Starlight Financial has been determined based on value-in-use calculation. In assessing the valuation of the CGU, the management adopted the income approach. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 10% (2019: 10%). Starlight Financial's cash flows beyond the five-year period are extrapolated using a pre-tax 3% (2019: 3%) growth rate, which represents the long-term inflation rate in the PRC. No impairment loss has been recognised during the years ended 31 March 2020 and 2019 as directors of the Company are of the opinion that the recoverable amount was higher than the carrying amount.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of this CGU to exceed its recoverable amount.

Diginex HPC

During the year ended 31 March 2020, the Group recognised an impairment loss of approximately HK$257,440,000 (2019: HK$173,251,000) in relation to goodwill arising on acquisition of Diginex HPC as the performance of the crypto-currencies mining business was lower than management's initial expectations.

The Dignex HPC CGU has been disposed of upon disposal of Future Game (note 39 (ii)). The impairment assessment was performed on 30 September 2019 and 31 March 2019.

The recoverable amount of Diginex HPC at 30 September 2019 is nil (31 March 2019: approximately HK$668,922,000) and has been determined using the income approach method. The recoverable amount of the CGU was classified as level 3 in the fair value hierarchy. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and pre-tax discount rate of 22.69% (31 March 2019: 22.51%). Cash flows beyond the five-year period are extrapolated using an estimated annual growth rate. The key assumptions adopted in the income approach method relate to the business expansion, estimated productivity of crypto-currencies mining machines and the estimated prices of crypto-currencies. Management determined the budgeted gross margin based on past performance, its expectations on the market development, and a long-term growth rate of 2% (31 March 2019: 2%), which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the business in the country in which Diginex HPC operates. The discount rates used are Diginex HPC's specific weighted average cost of capital, adjusted for the risks of Diginex HPC. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of Diginex HPC to exceed its recoverable amount.

23. INVENTORIES

	2020 HK$'000	2019 HK$'000
Goods held for resale	**28,998**	32,272

24. LOAN AND INTEREST RECEIVABLES

	2020 HK$'000	2019 HK$'000
Secured loans		
Real estate-backed loans	**30,284**	32,438
Secured micro loans	**74,553**	46,632
	104,837	79,070
Unsecured loans		
Unsecured micro loans	**192,078**	239,442
Unsecured other loans	**102,107**	172,704
	294,185	412,146
	399,022	491,216
Less: Allowances for loan receivables	**(81,168)**	(33,076)
Loan receivables	**317,854**	458,140
Interest receivables	**79,400**	97,573
	397,254	555,713
Loan and interest receivables analysed for reporting purpose as:		
Non-current assets	**10,420**	19,938
Current assets	**386,834**	535,775
	397,254	555,713

24. LOAN AND INTEREST RECEIVABLES *(Continued)*

The average loan period as at the end of the reporting period as follows:

	2020	2019
Real estate-backed loans	**180 days to 1 year**	180 days to 1 year
Secured and unsecured micro loans	**90 days to 4 years**	90 days to 4 years
Other loans	**90 days to 2 years**	90 days to 2 years

As at 31 March 2020, the loans provided to customers bore fixed interest rate at 0.3% to 3% per month (2019: 0.3% to 3% per month), and were repayable according to the loan agreements.

As at 31 March 2020, included in the gross balances are loans of approximately HK$87,065,000 (2019: HK$65,318,000) were secured by real estates in the PRC; approximately HK$17,772,000 (2019: HK$13,752,000) were secured by motor vehicles; and approximately HK$115,411,000 (2019: HK$138,118,000) were guaranteed by guarantors.

As at 31 March 2020, the Group held collaterals with value of approximately HK$231,466,000 (2019: HK$265,715,000) over the financing advances to customers.

Movement in the allowance for loan receivables:

	Stage 1: 12-month ECL HK$'000	Stage 2: Lifetime ECL HK$'000	Stage 3: Lifetime ECL – Credit impaired HK$'000	Total HK$'000
At 1 April 2018	4,273	12,113	12,053	28,439
Increasing during the year	1,611	3,259	1,612	6,482
Exchange realignment	(283)	(790)	(772)	(1,845)
At 31 March 2019	5,601	14,582	12,893	33,076
Increasing during the year	15,889	23,704	11,496	51,089
Exchange realignment	(791)	(1,047)	(1,159)	(2,997)
At 31 March 2020	20,699	37,239	23,230	81,168

24. LOAN AND INTEREST RECEIVABLES *(Continued)*

The following is an aged analysis of net loans and interest receivables, presented based on the dates which loans are granted to borrowers and interests are accrued.

	2020	2019
	HK$'000	HK$'000
Within 90 days	**92,789**	79,820
91 – 180 days	**88,836**	254,936
181 – 365 days	**47,852**	34,362
Over 365 days	**167,777**	186,595
At 31 March	**397,254**	555,713

During the year ended 31 March 2020 and 2019, in determining the expected credit losses for these assets, the directors of the Company have taken into account the historical default experience, the financial position of the counterparties, value of collaterals as well as the future prospects of the industries in which the borrowers operate, considering various external sources of actual and forecast economic information for estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon and the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for loan receivables.

As at 31 March 2019 and 31 March 2020, an analysis of the gross amount of loans and interest receivables is as follows:

	As at 31 March 2020				As at 31 March 2019			
	Stage 1: 12-month ECL	**Stage 2: Lifetime ECL**	**Stage 3: Lifetime ECL – credit impaired**	**Total**	Stage 1: 12-month ECL	Stage 2: Lifetime ECL	Stage 3: Lifetime ECL – credit impaired	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Gross amount:								
Normal	**226,659**	**–**	**–**	**226,659**	365,645	–	–	365,645
Special Mention	**–**	**191,803**	**–**	**191,803**	–	143,829	–	143,829
Substandard	**–**	**–**	**39,212**	**39,212**	–	–	58,911	58,911
Doubtful	**–**	**–**	**17,252**	**17,252**	–	–	17,389	17,389
Loss	**–**	**–**	**3,496**	**3,496**	–	–	3,015	3,015
	226,659	**191,803**	**59,960**	**478,422**	365,645	143,829	79,315	588,789

During the years ended 31 March 2020, bad debts of approximately HK$14,129,000 (2019: HK$2,296,000) were directly written off respectively.

25. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2020 HK$'000	2019 HK$'000
Trade receivables arising from the business of securities dealing and broking:		
– Cash clients *(Notes a, c, g)*	–	520
– Margin clients *(Notes a, d, f, h)*	–	89,457
– HKSCC *(Notes c, e, g)*	–	9,978
	–	99,955
Trade receivables arising from the business of futures dealing and broking:		
– Hong Kong Exchanges and Clearing Limited *(Notes a, c, e, g)*	–	428
Other trade receivables *(Notes b, c, g)*	**1,674**	3,481
	1,674	103,864
Less: impairment	**(338)**	(938)
Total trade receivables	**1,336**	102,926
Payments in advance	**5,653**	37,185
Prepayments	**5,312**	9,782
Deposits and other receivables	**6,689**	26,165
Consideration receivables *(Note i)*	**106,139**	–
Total other receivables and deposits	**123,793**	73,132
Trade and other receivables, deposits	**125,129**	176,058
Analysed as:		
Current	**123,609**	169,048
Non-current	**1,520**	7,010
Trade and other receivables, deposits	**125,129**	176,058

Notes:

(a) The settlement terms of trade receivables, except for secured margin clients, arising from the business of dealing in securities and futures are two days after trade date.

(b) Generally, the Group allows credit period of a range from 0 to 30 days to its customers.

25. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

Notes: (Continued)

(c) The following is an aged analysis of trade receivables (excluding margin clients), net of allowance for doubtful debts presented based on the delivery dates or trade date, which approximated the respective revenue recognition dates, at the end of the reporting period.

	2020 HK$'000	2019 HK$'000
Within 30 days	**362**	13,174
31 to 60 days	**345**	209
61 to 90 days	**10**	–
91 to 180 days	**203**	90
181 to 365 days	**30**	125
Over 365 days	**386**	135
Total	**1,336**	13,733

(d) No aged analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, the directors of the Company consider that the ageing analysis does not give additional value in the view of the nature of business of margin financing.

(e) Trade receivables from HKSCC and Hong Kong Exchanges and Clearing Limited are current which represent pending trades arising from the business of dealing in securities and futures, normally due within two days after the trade date in accordance with the settlement requirements in Hong Kong market.

(f) As at 31 March 2019, trade receivables from margin clients are secured by the clients' pledged securities at fair values of approximately HK$1,603,987,000 which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The trade receivables from margin clients are repayable on demand and bear interest at commercial rates.

25. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

Notes: (Continued)

(g) The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

	31 March 2020			31 March 2019		
	Weighted average expected loss rate	**Gross carrying amount**	**Loss allowance**	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	**HK$'000**	**HK$'000**	%	HK$'000	HK$'000
Current (not past due)	**0.0%**	**–**	**–**	0.0%	10,414	–
0 – 90 days past due	**0.7%**	**722**	**5**	0.0%	2,969	–
91 – 180 days past due	**1.5%**	**206**	**3**	15.1%	106	16
181 – 365 days past due	**66.7%**	**90**	**60**	63.3%	341	216
Over 1 year past due	**41.2%**	**656**	**270**	76.6%	577	442
Total		**1,674**	**338**		14,407	674

The movements in loss allowance of trade receivables are as follows:

	2020	2019
	HK$'000	HK$'000
At the beginning of year	**674**	200
Impairment recognised during the year	**–**	474
Disposal of subsidiaries	**(336)**	–
At the end of year	**338**	674

25. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

Notes: (Continued)

(h) During the year ended 31 March 2019, in determining the expected credit losses for trade receivables from margin clients, the directors of the Company have taken into account the historical default experience, the financial position of the counterparties, value of collateral as well as the future prospects of the industries in which the lenders operate obtained from economic expert reports, financial analyst reports, considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

As at 31 March 2020 and 31 March 2019, an analysis of the gross amount of trade receivables from margin clients is as follows:

	As at 31 March 2020				As at 31 March 2019			
	Stage 1: 12-month ECL HK$'000	Stage 2: Lifetime ECL HK$'000	Stage 3: Lifetime ECL – credit impaired HK$'000	Total HK$'000	Stage 1: 12-month ECL HK$'000	Stage 2: Lifetime ECL HK$'000	Stage 3: Lifetime ECL – credit impaired HK$'000	Total HK$'000
Gross amount:								
BB	–	–	–	–	85,272	–	–	85,272
B	–	–	–	–	4,179	6	–	4,185
	–	–	–	–	89,451	6	–	89,457

	Stage 1: 12-month ECL HK$'000	Stage 2: Lifetime ECL HK$'000	Stage 3: Lifetime ECL – credit impaired HK$'000	Total HK$'000
At 1 April 2018	64	176	–	240
Increase (decrease) during the year	200	(176)	–	24
At 31 March 2019	264	–	–	264
Impairment recognised during the year	270	–	–	270
Disposal of subsidiaries	(534)	–	–	(534)
At 31 March 2020	–	–	–	–

(i) The consideration receivables are from disposal of unlisted exchangeable bonds and a subsidiary during the year. Details are set out in notes 18 and 39. The directors of the Company estimate the loss allowance on consideration receivables at the end of the reporting period on an individual basis. Based on the age and settlement plan, the loss allowance is measured at an amount equal to 12 month ECL as these receivables are categorised as "Normal" under the Group's credit risk grading framework which is considered not significant after taken into account the financial strength of the purchasers.

26. INTERESTS IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Cost of investment, unlisted	–*	–*
Share of post-acquisition profit and other comprehensive income	–*	–*
	–	–
Amount due from associates	263	2,866
Amount due to associates	–	(2,832)
	263	34

* The balance represents an amount less than HK$500.

The amount due from (to) associates were unsecured, interest-free and repayable on demand.

Details of the Group's associates as at 31 March 2020 and 2019 are as follows:

Name of entity	Form of entity	Place of establishment and operation	Class of shares held	Percentage of nominal value of registered capital and voting power held by the group				Principal activity
				Directly		Indirectly		
				2020	2019	2020	2019	
Telebox Technology Holdings Limited ("Telebox") and its subsidiary	Limited liability company	Seychelles	Registered capital	20%	20%	20%	20%	inactive

The Group acquired 20% of the registered capital of Telebox in 2018 at a consideration of HK$156. As at 31 March 2020 and 2019, Telebox is inactive and the Group's unrecognised loss of this associate is not significant.

27. AMOUNTS DUE FROM (TO) ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/SHAREHOLDERS/RELATED COMPANIES/A DIRECTOR/NON-CONTROLLING SHAREHOLDERS

The amounts are unsecured, non-interest bearing and repayable on demand.

The Group has applied the general approach to provide for expected credit losses for these non-trade related party balances under HKFRS 9. The Group considers the historical loss rate and adjusts for forward looking macroeconomic data in calculating the expected credit loss rate. The Group has classified these non-trade related party balances in stage 1 and continuously monitors their credit risk. As at 31 March 2020 and 2019, the Group estimated the expected loss rate for these non-trade related party balances is insignificant.

28. BANK BALANCES AND CASH

	2020 HK$'000	2019 HK$'000
Bank balances		
General accounts	**41,960**	48,361
Cash in hand	**71**	75
	42,031	48,436
Bank balances		
Segregated accounts *(Note (i))*	**–**	57,822
Bank balances and cash	**42,031**	106,258

(i) The Group maintains segregated accounts with licensed banks to hold clients' monies arising from its securities and futures brokerage business. The Group has classified the clients' monies as "bank balances – segregated accounts" under current assets in the consolidated statement of financial position and recognised the corresponding account payables to respective clients on the grounds 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.

(ii) Bank balances carries interest at prevailing market rate for the year ended 31 March 2020 and 2019.

29. CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Sales of alcoholic beverages	**3,329**	5,311

Contract liabilities are mainly from sales of alcoholic beverages. In general, the Group receives certain percentage of the contract sum as advance payment from the customers upon signing of the sales contracts.

The significant changes in contract liabilities during the year ended 31 March 2020 were mainly due to the decrease in purchases order from customers during the year.

Revenue recognised during the year ended 31 March 2020 that was included in the contract liabilities as at 31 March 2019 was approximately HK$5,311,000 (2019: HK$7,055,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year. The directors of the Company considered that the contract liabilities as at 31 March 2020 will be recognised as revenue in profit or loss within one year.

30. TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables arising from the business of securities dealing and broking: *(Notes a, c)*		
– Cash clients	–	23,483
– Margin clients	–	42,945
– Trust payable	–	146
	–	66,574
Trade payables arising from the business of futures dealing and broking *(Notes b, c)*	–	598
Other trade payables *(Notes d)*	**2,883**	8,139
Total trade payables	**2,883**	75,311
Other payables and accruals	**20,265**	69,731
Trade and other payables	**23,148**	145,042

Notes:

(a) For trade payables arising from the business of securities dealing and broking, no aged analysis is disclosed for the Group's margin and cash clients as these clients were carried on an open account basis, the aging analysis does not give additional value in the view of the nature of business of margin financing.

Trade payables to HKSCC are current which represent pending trades arising from the business of dealing in securities, normally due within two days after the trade date in accordance with the settlement requirements in Hong Kong market.

As at 31 March 2019, trade payables of securities clients approximately HK$57,822,000 respectively were payable to clients in respect of the segregated bank balances received and held for clients in the course of conducting the regulated activities. The Group currently does not have an enforceable right to offset these payables with the deposits placed.

(b) For trade payables arising from the business of futures dealing and broking, no aged analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in the view of the nature of business of futures dealing and broking.

30. TRADE AND OTHER PAYABLES *(Continued)*

Notes: (Continued)

(c) For the trade payables arising from securities and futures dealing activities, there is no interest for the balance of each account higher than a prescribed amount.

The settlement terms of trade payables arising from the business of dealing in securities and futures are required to be settled in accordance with the relevant market practices in Hong Kong and overseas. The trade payables to certain cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date.

(d) The following is an aged analysis of trade payables arising from other business presented based on the invoice date at the end of the reporting period.

	2020 **HK$'000**	2019 HK$'000
Within 30 days	**816**	5,600
31 to 60 days	**288**	1,019
61 to 90 days	**521**	388
91 to 180 days	**361**	292
181 to 365 days	**347**	546
Over 365 days	**550**	294
Total	**2,883**	8,139

The average credit period on purchases of goods ranged from 30 to 90 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

31. LOANS FROM A DIRECTOR/A SUBSIDIARY OF NON-CONTROLLING SHAREHOLDER/A RELATED COMPANY

(a) Loan from a director

The amount is unsecured, with fixed interest rate of 10% p.a. and repayable on demand with maturity date of 30 June 2021 (2019: 30 April 2020). The loan from a director contained a repayable on demand clause.

(b) Loan from a subsidiary of non-controlling shareholder

As at 31 March 2020, loan amount of JPY1,500,000,000 (equivalent to approximately HK$107,100,000 (2019: HK$106,350,000)) with an interest rate of 2% to 4% was guaranteed by Mr. Ting, a substantial shareholder of the Company. As at 31 March 2019, the said loan with a fixed interest rate of 2% was guaranteed by 250,000,000 shares of the Company which is held by Royal Spectrum Holding Company Limited, the immediate holdings company of the Company. The Group is arranging for extension of a loan.

(c) Loan from a related company

At 31 March 2019, the amount was unsecured, non-interest bearing and repayable only after the full settlement of other borrowings of Diginex HPC amounted to HK$206,988,000. The loan has been derecognised upon disposal of Future Games during the year ended 31 March 2020 (Note 39(ii)).

32. BORROWINGS

	2020 HK$'000	2019 HK$'000
Other borrowings	**103,992**	369,088
Carrying amount repayable:		
Within one year	**103,992**	281,071
After one year but within two years	**–**	88,017
	103,992	369,088
Amounts show under current liabilities	**103,992**	281,071
Amounts show under non-current liabilities	**–**	88,017

The ranges of effective interest rates on the Group's other borrowings are as follows:

	2020	2019
Other borrowings	**12% per annum**	9% to 12% per annum

All the other borrowings are at fixed rates.

As at 31 March 2020, included in unsecured other borrowings are carrying amount of approximately HK$4,000,000 (2019: HK$162,100,000) bore interest at fixed rate and were due within one year. The fixed rate unsecured other borrowings carried interest of 12% (2019: ranging from 10% to 12%) per annum during the year ended 31 March 2020. These other borrowings contained a repayable on demand clause.

As at 31 March 2020, included in other borrowings is carrying amount of approximately HK$99,992,000 bore interest at fixed rate and were due within one year. The fixed rate other borrowings carried interest at 12% per annum and contained a repayable on demand clause. These borrowings are secured by the Company's 77% of the entire issued share capital of Hackett Enterprises Limited and entire issued share capital of Madison Lab Limited and personal guarantee provided by Mr. Ting, the substantial shareholder of the Company.

As at 31 March 2019, included in other borrowings are (i) carrying amount of approximately HK$17,750,000 bore interest at fixed rate of 9% and repayable by monthly installments at amount not exceeding 75% of Diginex HPC's monthly cash flows (represented by earnings before interest, taxes, depreciation and amortisation) until the full repayment of the debt; and (ii) carrying amount of approximately HK$89,238,000 is interest-free and repayable by monthly installment at an amount not exceeding 75% of Diginex HPC's monthly cash flows (represented by earnings before interest, taxes, depreciation and amortisation) until the full repayment of the debt. Imputed interest on these advances had been computed at an original effective interest rate of 9% per annum. These borrowings are derecognised upon disposal of Future Games during the year ended 31 March 2020 (Note 39(ii)).

33. CONVERTIBLE BONDS

The Company issued convertible bonds with zero coupon rate at a total principal value of HK$150,000,000 ("CB 1") on 28 July 2017 to Bartha Holdings. The convertible bonds will mature on 27 July 2022 at its principal amount or can be converted into 136,363,636 shares in the Company at Bartha Holdings' option at the conversion price of HK$1.1 per share.

The fair value of the convertible bonds of HK$271,290,000 was valued by an independent valuer as at 28 July 2017. The convertible bonds comprise a liability component and an equity conversion component.

The fair value of the convertible bonds as a whole is determined by using the Binomial Option Pricing Model. The fair value of the liability component of the convertible bonds is calculated using cash flows discounted at a rate based on an equivalent market interest rate of 9.23% per annum for equivalent non-convertible bonds using market comparable approach. The initial carrying amount of the equity component is determined by deducting the estimated legal and professional fee and fair value of the liability component from the fair value of the convertible bonds, which is included in the "Convertible bonds – equity conversion reserve" under reserve of the Company.

The CB 1 shall not be redeemed at the request of the Company or the holders of CB1 before the maturity date and therefore it is reclassified as non-current liabilities.

Bartha International, an indirect non-wholly owned subsidiary of the Company as at 31 March 2019, had raised HK$50,000,000 by way of issuing convertible bonds with 2% coupon rate payable annually at a principal value of HK$10,000,000 on 11 April 2017 ("CB 2") and HK$40,000,000 on 18 April 2017 ("CB 3") to three independent third parties. These convertible bonds would mature on 11 April 2020 and 18 April 2020 respectively at their principal amount or can be converted into 12.5% of the issued share capital in Bartha International at any time commencing from the issue dates upto tenth business day immediately preceding the maturity dates.

The proceeds from the issuance of these convertible bonds of HK$50,000,000 have been split into liability and equity components. The fair values of the liability component of these convertible bonds of HK$40,770,000 were valued by an independent valuer, using Binominal Option Pricing Model. These convertible bonds comprise a liability component and an equity conversion component. The fair values of the liability component of these convertible bonds are calculated using cash flows discounted at a rate based on an equivalent market interest rate of 9.39% for CB 2 and 9.32% for CB 3 per annum respectively for equivalent non-convertible bonds using market comparable approach. The residual amounts are assigned as the equity component and are included in the convertible bonds issued by a subsidiary.

The CB2 and CB 3 have been derecognised upon disposal of Bartha during the year ended 31 March 2020 (Note 39(i)).

33. CONVERTIBLE BONDS *(Continued)*

The equity component of convertible bonds recognised in the consolidated statement of financial position are as follows:

	Issued by the Company	Issued by a subsidiary		
	CB 1	CB 2	CB 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Equity component at 1 April 2018 and 31 March 2019	174,782	1,858	7,372	184,012
Disposal of subsidiaries *(Note 39(i))*	–	(1,858)	(7,372)	(9,230)
Equity component at 31 March 2020	174,782	–	–	174,782

The movement of liability component of the convertible bonds is as follows:

	Issued by the Company	Issued by a subsidiary		
	CB 1	CB 2	CB 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Liability component at 1 April 2018	101,822	8,678	34,754	145,254
Add: Effective interest expense	9,522	811	3,245	13,578
Less: Interest payable	–	(200)	(800)	(1,000)
Liability component at 31 March 2019	111,344	9,289	37,199	157,832
Add: Effective interest expense	10,413	649	2,580	13,642
Less: Interest payable	–	(146)	(605)	(751)
Disposal of subsidiaries *(Note 39(i))*	–	(9,792)	(39,174)	(48,966)
Liability component at 31 March 2020	121,157	–	–	121,757

34. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 HK$'000	2019 HK$'000
Put option to non-controlling interests in CVP Capital *(Note a)*	**9,742**	9,463
Put option to the promissory note holder *(Note b)*	**49,463**	44,175
	59,205	53,638

Note:

(a) CVP Financial entered into the first deed (the "First Deed") with Mr. Samuel Lin Jr. ("Mr. Lin"), and the second deed (the "Second Deed", together the "Deeds") with Star Beauty Holdings Limited ("Star Beauty") respectively on 9 February 2017, pursuant to which CVP Financial has conditionally agreed to grant each of Mr. Lin and Star Beauty the put option (the "CVP Put Option"). Each of Mr. Lin and Star Beauty, pursuant to the CVP Put Option, during the 12-month period after the 2nd anniversary of the completion (28 July 2019), has the right to require CVP Financial to acquire all the shares of CVP Capital held by him/it immediately prior to the exercise of the CVP Put Option, at the consideration of HK$1.26 per share in CVP Capital. The consideration payable by CVP Financial to each of Mr. Lin and Star Beauty shall be satisfied at the discretion of Mr. Lin or Star Beauty (as the case may be), either in cash amounted approximately HK$11,756,000 or by CVP Financial procuring the Company to issue and allot a total of 10,631,681 consideration shares of the Company at the issue price of HK$1.1 per Share. Details of the Deeds are set out in the Company's announcements dated 9 February 2017 and 5 July 2017 respectively.

The fair value of CVP Put Option at 31 March 2020 and 2019 is based on valuations by an independent valuer, determined by using Monte Carlo Simulation Model. The significant inputs to the models were as follows:

	31 March 2020	31 March 2019
Risk free rate	**0.768%**	1.43%
Year to maturity	**0.33 years**	1.33 years
Share price of the Company	**HK$0.187**	HK$0.80

34. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Note: (Continued)

(b) During the year ended 31 March 2019, the Company entered into the acquisition agreement with CVP Financial Group Limited ("CVP"), a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Ting (the "CVP Agreement"), pursuant to which the Company has conditionally agreed to acquire, and CVP has conditionally agreed to sell, 52 shares (the "CVP Sale Shares") of Hackett, representing 52% of the entire issued share capital of Hackett.

Under the CVP Agreement, the consideration (the "CVP Consideration") for the purchase of the CVP Sale Shares is HK$462,800,000. The CVP Consideration shall be satisfied: (i) in respect of 60% of the CVP Consideration, by the Company allotting and issuing 504,872,727 new shares of the Company (the "Shares") (collectively referred to as the "CVP Consideration Shares") of HK$0.001 each at an issue price of HK$0.55 per Share (the "Issue Price") to CVP at completion of the CVP Acquisition; and (ii) in respect of 40% of the CVP Consideration, by the Company issuing a promissory note in the principal amount of HK$185,120,000 (the "PN2") to CVP at completion.

The PN2 is a three-year interest free note which may be redeemed any time at the request of any party by giving the other party prior notice. The PN2 contains the put option for the PN2's holder (the "PN Put Option").

The fair value of the Promissory Note is determined based on the valuation conducted by an independent valuer on the Promissory Note as at 29 March 2019 ("PN Valuation"). The Promissory Note contains three components, the call option for the Company, the put option for the Promissory Note holder and liability components. In the opinion of the directors of the Company, the call option was insignificant for the Hackett. The fair value of the liability component is calculated using cash flows discounted at a rate based on an equivalent market interest rate of 16.88% (2019: 9.51%) per annum for similar instruments without put option.

The fair value of the put option at 31 March 2020 is determined by Swaption Model at discount rate of 16.88% (2019: 9.51%).

(c) During the year ended 31 March 2020, the Group recognised loss on change in fair value of derivative financial instruments amounted to approximately HK$5,567,000 (2019: gain on change in fair value HK$5,438,000).

35. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.001 each		
Authorised:		
At 1 April 2018, 31 March 2019 and 31 March 2020	10,000,000,000	10,000
Issued and fully paid:		
At 1 April 2018	4,000,000,000	4,000
Issue of 70,056,000 shares at a price of HK$1.70 each per placing share by way of placing in April 2018 *(Note)*	70,056,000	70
Issue of 213,252,717 shares at a price of HK$1.63 each per consideration share as the consideration of acquisition of a subsidiary in July 2018 *(Note 38(i))*	213,252,717	213
Issue of 504,872,727 shares at a price of HK$0.80 each per consideration share as the consideration of acquisition of a subsidiary in March 2019 *(Note 40(ii))*	504,872,727	505
Issue of 404,545,454 shares at a price of HK$0.80 each per consideration share as the consideration of acquisition of additional interest in a subsidiary on 29 March 2019 *(Note 40(ii))*	404,545,454	405
At 31 March 2019, 1 April 2019 and 31 March 2020	5,192,726,898	5,193

Note:

On 23 April 2018, an aggregate of 70,056,000 placing shares were placed to not less than six placees at the placing price of HK$1.70 per placing share in accordance with the terms and conditions of the placing agreement entered into between the Company and CVP Securities Limited (formerly known as "Eternal Pearl Securities Limited", "CVP Securities"), an indirect non-wholly owned subsidiary of the Company, and Shenwan Hongyuan Securities (H.K.) Limited, an independent third party of the Group. These shares rank pari passu with the existing shares in all respects. The average closing price in last five trading days immediately prior to the date of placing agreement was HK$1.83 per share. The net proceeds are intended to be used for funding the acquisition of 20% equity interest in BITPoint Japan Company Limited, a company which is registered to carrying on virtual currency trading platform in Japan. The details were set out in the Company's announcement dated 12 April 2018.

36. PROMISSORY NOTES PAYABLES

On 9 February 2017, CVP Financial entered into the acquisition agreement with CVP Holdings Limited ("CVP Holdings"), pursuant to which CVP Financial conditionally agreed to acquire, and CVP Holdings conditionally agreed to sell, the entire issued share capital of CVP Asset Management Limited ("CVP Asset Management") for a consideration of HK$14,000,000.

Pursuant to the acquisition, CVP Financial agreed to settle the total consideration for the acquisition by issuing an interest-free promissory note in the sum of HK$14,000,000 (the "PN1") to CVP Holdings on 28 July 2017. The maturity date of the PN1 is the third anniversary from the date of issue of the PN1, being 27 July 2020. The effective interest rate of the PN1 is approximately 9.38%.

Pursuant to the acquisition of Hackett stated in note 34(b), the Company agreed to settle the part of consideration for the acquisition by issuing PN2 in the sum of HK$185,120,000 to CVP on 29 March 2019. The maturity date of the PN2 is the third anniversary from the date of issue of the PN2, being 28 March 2022. The PN2 may be redeemed anytime at the request of any party by giving the other party prior notice. The effective interest rate of the PN2 is approximately 9.51%.

	PN1 HK$'000	**PN2** HK$'000	**Total** HK$'000
At 1 April 2018	11,257	–	11,257
Issue of promissory note on 29 March 2019	–	140,945	140,945
Effective interest expenses	1,102	–	1,102
At 31 March 2019	12,359	140,945	153,304
Effective interest expenses	1,211	13,405	14,616
At 31 March 2020	13,570	154,350	167,920

	2020 **HK$'000**	2019 HK$'000
Promissory notes payables analysed for reporting purpose as:		
Non-current liabilities	**–**	12,359
Current liabilities	**167,920**	140,945
	167,920	153,304

37. DEFERRED INCOME

Government grants in respect of encouragement of expansion of enterprise of approximately HK$1,680,000 (2019: HK$300,000) were recognised as income at the time the Group fulfilled the relevant granting criteria.

During the year ended 31 March 2019, the Group received a government subsidy of approximately HK$1,324,000 towards the cost of crypto-currencies mining machine. The amount had been treated as deferred income. The amount is transferred to income over the useful lives of the relevant assets. This policy has resulted in a credit to income during the year ended 31 March 2019 of HK$165,000. As at 31 March 2019, an amount of approximately HK$1,159,000 remains to be unamortised. The government grants of approximately HK$828,000 were stated as non-current liabilities in the consolidated statement of financial position based on the useful lives of the relevant assets. The remaining amount of HK$331,000 as at 31 March 2019 was classified as current liabilities.

During the year ended 31 March 2020, the Group recognised HK$276,000 government grants in respect of the deferred income bought forward and included in other income, the remaining HK$883,000 deferred income was derecognised upon disposal of Future Game (Note 39(ii)). The remaining government grants recognised during the year ended 31 March 2020 of HK$1,404,000 (2019: HK$135,000) represented government grants received for which there are no unfulfilled conditions and other contingencies attaching to these government assistances.

38. ACQUISITIONS OF SUBSIDIARIES/ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2019

(i) Acquisition of Diginex HPC

On 26 April 2018, Madison Future Games Limited, an indirect wholly owned subsidiary of the Company, entered into the acquisition agreement with Diginex Global Limited, for acquisition of 51% of the entire issued share capital in Diginex HPC for a total consideration of US$60,000,000 (equivalent to approximately HK$470,862,000), of which US$10,000,000 (equivalent to approximately HK$78,477,000) was satisfied by cash and US$50,000,000 (equivalent to approximately HK$392,385,000) was satisfied by the Company allotting and issuing 213,252,717 consideration shares. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the acquisition, amounted to HK$1.63 per share. This acquisition has been accounted for using the acquisition method. Diginex HPC was acquired so as to develop the Group’s blockchain services business. The acquisition was completed on 31 July 2018.

Consideration transferred	HK$’000
Cash	78,477
Consideration shares	347,602
Total	426,079

38. ACQUISITIONS OF SUBSIDIARIES/ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 March 2019 *(Continued)*

(i) Acquisition of Diginex HPC *(Continued)*

The directors are of the opinion that the acquiree's assets and liabilities approximate their fair values. The net assets acquired from the acquisition and the goodwill arising are as follows:

	Fair value
	HK$'000
Net assets acquired	
Plant and equipment	216,295
Crypto currencies	2,358
Deposits	7,246
Amount due from related company	2,006
Bank balances and cash	8
Trade and other payables	(5,525)
Other borrowings	(218,007)
Total identifiable net assets	4,381

	HK$'000
Fair value of consideration given for obtaining the controlling interest (51%)	426,079
Plus: non-controlling interests (49% in Diginex HPC)	2,146
Less: fair value of net assets acquired	(4,381)
Goodwill arising on acquisition of Diginex HPC	423,844

38. ACQUISITIONS OF SUBSIDIARIES/ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 March 2019 *(Continued)*

(i) Acquisition of Diginex HPC *(Continued)*

Goodwill arose in the acquisition of Diginex HPC because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth and future market development in blockchain services business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising from the acquisition is expected to be deductible for tax purposes.

	HK$'000
Cash consideration paid	78,477
Less: cash and cash equivalent balances acquired	(8)
Net cash outflow on acquisition of Diginex HPC	78,469

Acquisition-related costs amounting to approximately HK$1,412,000 have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019.

Included in the loss for the year ended 31 March 2019 is HK$53,724,000 attributable to the additional business generated by Diginex HPC. Revenue for the year ended 31 March 2019 includes HK$29,156,000 generated from Diginex HPC.

Had the acquisition been completed on 1 April 2018, revenue for the year ended 31 March 2019 would have been approximately HK$318,698,000, and loss for the year ended 31 March 2019 would have been approximately HK$394,325,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2018, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and loss of the Group had Diginex HPC been acquired at the beginning of the current year, the directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

38. ACQUISITIONS OF SUBSIDIARIES/ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 March 2019 *(Continued)*

(ii) Acquisition of High Performance Computing Nordic AB ("HPC Nordic")

On 25 May 2018, prior to the completion of the acquisition of Diginex HPC and becoming an indirect non-wholly owned subsidiary of the Company, Diginex HPC entered into the acquisition agreement with Mr. Andrew Spence, an independent third party to the Group, for acquisition of 100% of the entire issued share capital in HPC Nordic for a total consideration of US$1,750,000 (equivalent to approximately HK$13,736,000) satisfied by cash. After the acquisition, the Group's effective shareholding in HPC Nordic is 51%. This acquisition has been accounted for using the acquisition method. HPC Nordic was acquired so as to develop the Group's blockchain services business. The acquisition was completed on 30 August 2018.

Consideration transferred	HK$'000
Cash	13,736

The directors are of the opinion that the acquiree's assets and liabilities approximate their fair values. The net assets acquired from the acquisition and the goodwill arising are as follows:

	Fair value HK$'000
Net assets acquired	
Plant and equipment	7,253
Trade and other receivables	1,500
Tax recoverable	37
Bank balances and cash	823
Trade and other payables	(1,170)
Other borrowings	(1,552)
Deferred tax liabilities	(2)
Total identifiable net assets	6,889

	HK$'000
Fair value of consideration given	13,736
Less: fair value of net assets acquired	(6,889)
Goodwill arising on acquisition of HPC Nordic	6,847

38. ACQUISITIONS OF SUBSIDIARIES/ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 March 2019 *(Continued)*

(ii) Acquisition of HPC Nordic *(Continued)*

Goodwill arose in the acquisition of HPC Nordic because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of revenue growth and future market development in blockchain services business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising from the acquisition is expected to be deductible for tax purposes.

	HK$'000
Cash consideration paid	13,736
Less: cash and cash equivalent balances acquired	(823)
Net cash outflow on acquisition of HPC Nordic	12,913

Minimal acquisition-related costs of the transaction have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019.

Included in the loss for the year ended 31 March 2019 is HK$7,597,000 attributable to the additional business generated by HPC Nordic. Revenue for the year ended 31 March 2019 includes HK$26,100,000 generated from HPC Nordic.

Had the acquisition been completed on 1 April 2018, revenue was noted for the year ended 31 March 2019 would have been HK$311,533,000, and loss for the year ended 31 March 2019 would have been approximately HK$421,650,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2018, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and loss of the Group had HPC Nordic been acquired at the beginning of the current year, the directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

38. ACQUISITIONS OF SUBSIDIARIES/ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 March 2019 *(Continued)*

(iii) Acquisition of assets through acquisition of BITOCEAN

On 9 December 2018, Madison Lab Limited, an indirect non-wholly owned subsidiary of the Company, entered into the acquisition agreement with Mr. Pu Yan, Mr. Nan Ning, Mr. Daniel Kelman, Mr. Zhou Jiayu, Mr. Hashimoto Yoshikazu and Mr. Du Ping, for acquisition of 67.2% of the total issued share in BITOCEAN for a total consideration of JPY1,680,000,000 (equivalent to approximately HK$121,456,000) satisfied by cash. In the opinion of directors of the Company, at the acquisition date, no business was conducted by BITOCEAN but only held intangible assets (i.e. license). Thus, the transaction was accounted for acquisition of assets rather than business combination. The acquisition was completed on 11 January 2019.

Assets acquired recognised at the date of acquisition are as follows:

	HK$'000
Plant and equipment	1,096
Intangible assets	179,081
Other receivables	812
Bank balance and cash	11
Other payable	(262)
Non-controlling interests	(59,282)
Total identifiable net assets	121,456

	HK$'000
Cash consideration paid	121,456
Less: cash and cash equivalent balances acquired	(11)
Net cash outflow on acquisition of BITOCEAN	121,445

38. ACQUISITIONS OF SUBSIDIARIES/ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 March 2019 *(Continued)*

(iv) Acquisition of assets through acquisition of Novel Idea Holdings Limited ("Novel Idea")

During the year ended 31 March 2019, the Group subscribed 35% equity interest in Novel Idea which was classified as an associate. On 7 September 2018, Madison Public Chain Limited, an indirect non-wholly owned subsidiary of the Company, entered into the acquisition agreement with Telebox Limited, an associate of the Company, for acquisition of additional 20% of the total issued shares in Novel Idea for a total consideration of US$364,000 (equivalent to approximately HK$2,836,000) satisfied by cash. Following the acquisition of additional 20% interest, Novel Idea became a subsidiary of the Company. In the opinion of directors of the Company, at the acquisition date, no business was conducted by Novel Idea. The acquisition was completed on 31 January 2019.

Assets acquired recognised at the date of acquisition are as follows:

	HK$'000
Plant and equipment	3
Other receivables	8,344
Bank balance and cash	2,367
Other payable	(1,894)
Non-controlling interests	(3,969)
Total identifiable net assets	4,851

Consideration satisfied by:	HK$'000
Cash consideration transferred	2,836
Fair value of interest in an associate on date of acquisition	2,015
	4,851

	HK$'000
Cash consideration paid	2,836
Less: cash and cash equivalent balances acquired	(2,367)
Net cash outflow on acquisition of Novel Idea	469

39. DISPOSAL OF SUBSIDIARIES

(i) Bartha International Limited ("Bartha")

On 15 January 2020, CVP Financial entered into a deed of settlement with the previous purchaser, Mr. Ding Lu, pursuant to which CVP Financial has agreed to pay to the previous purchaser the settlement sum in an amount of HK$1,000,000, and the previous agreement shall be terminated with effect from the settlement date. At the same time, CVP Financial entered into new agreements that disposed of its 49% equity interest in Bartha to Ms. Zhang Fengge for 29% and Mr. Zuo Tao for 20%, independent third parties to the Group, at cash considerations of HK$29,591,837 and HK$20,408,163 respectively. Bartha and its subsidiaries are principally engaged in provision of financial services. Details are set out in the Company's announcement dated 15 January 2020. The disposal was completed on 17 January 2020 on which date control of the subsidiary passed to the acquirers.

The net assets of the subsidiary disposed of at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	1,195
Intangible assets	7,978
Right-of-use assets	4,688
Deposits	4,156
Trade and other receivables	102,409
Bank balances – segregated accounts	44,286
Bank balances and cash	34,001
Trade and other payables	(66,925)
Lease liabilities	(4,748)
Convertible bonds	(48,966)
Deferred tax liabilities	(813)
	77,261
Gain on disposal of a subsidiary	
Consideration received and receivable	50,000
Compensation to previous purchaser	(1,000)
Net assets disposed of	(77,261)
Non-controlling interest	29,836
Convertible bonds issued by Bartha	9,230
Gain on disposal of a subsidiary	10,805
Consideration received and receivable	
Cash received	10,861
Receivables *(note 25)*	39,139
	50,000
Net cash inflow arising on disposal	
Cash consideration received	10,861
Compensation paid	(1,000)
Cash and cash equivalents	(34,001)
	(24,140)

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(ii) Madison Future Games Limited ("Future Games")

On 22 January 2020, the Group disposed of its 100% equity interest in Future Games and the amount due from Future Games to the Group of HK$24,543,000 (the "Sale Loan") to Mr. Zhang Shurong, an independent third party to the Group, at a cash consideration of HK$1. Details are set out in the Company's announcement dated 22 January 2020. Future Games and its subsidiaries are principally engaged in provision of blockchain services. The disposal was completed on 22 January 2020 on which date control of the subsidiary passed to the acquirer.

The net liabilities of the subsidiary disposed of at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	44,983
Right-of-use assets	617
Trade and other receivables	8,008
Crypto currencies	232
Bank balances and cash	14,399
Trade and other payables	(82,720)
Lease liabilities	(618)
Deferred income	(883)
Amount due to immediate shareholder	(24,543)
Borrowings	(165,417)
Loan from a related company	(14,850)
Deferred tax liabilities	(2)
	(220,794)
Gain on disposal of a subsidiary	
Consideration received and receivable	–
Net liabilities disposed of	220,794
Non-controlling interest	(105,692)
Cumulative exchange differences in respect of the net liabilities of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	423
Gain on disposal of a subsidiary	115,525
Sale Loan	(24,543)
Net gain on disposal of a subsidiary and the sale loan	90,982
Net cash outflow arising on disposal	
Cash consideration received	–
Cash and cash equivalents	(14,399)
	(14,399)

39. DISPOSAL OF SUBSIDIARIES *(Continued)*

(iii) Novel Idea

On 27 August 2019, the Group disposed of its 55% equity interest in Novel Idea to Hega Incorporation Limited, an independent third party to the Group, at a consideration of HK$45,000,000. Details are set out in the Company's announcement dated 27 August 2019. Novel Idea and its subsidiaries are principally engaged in provision of blockchain services. The disposal was completed on 27 August 2019 on which date control of the subsidiary passed to the acquirer.

The net assets of the subsidiary disposed of at the date of disposal are as follows:

	HK$'000
Property, plant and equipment	5
Other receivables	1,517
Cash and cash equivalents	98
Other payables	(557)
Borrowings	(71)
	992
Gain on disposal of a subsidiary	
Consideration received and receivable	45,000
Net assets disposed of	(992)
Non-controlling interest	(1,469)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	55
Gain on disposal of a subsidiary	42,594
Consideration received and receivable	
Cash received	4,500
Promissory note *(note 18)*	40,500
	45,000
Net cash inflow arising on disposal	
Cash consideration received	4,500
Cash and cash equivalents	(98)
	4,402

(iv) Insignificant subsidiaries

During the year, the Group deregistered or disposed of certain insignificant subsidiaries. The net loss on disposal of these insignificant subsidiaries was HK$176,000.

40. BUSINESS COMBINATION UNDER COMMON CONTROL

(i) On 31 May 2018, CVP Financial exercised the exchange rights to exchange the carrying amount of the Exchangeable Bonds amounted approximately HK$72,088,000 into 49% Bartha Shares from Bartha Holdings. Mr. Ting is the ultimate shareholder and the sole director of Bartha International before and after the completion of exercise. The Group adopts merger accounting for this common control combination. The exercise was completed on 31 May 2018.

(ii) On 20 November 2018, the Company entered into the acquisition agreement with CVP Financial Group Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Ting, for acquisition of 52% issued share in Hackett for a total consideration of HK$462,800,000 by issuing 504,872,727 shares with promissory note in the principal amount of HK$185,120,000 ("CVP Acquisition"). Upon completion of the CVP Acquisition, Mr. Ting is the ultimate shareholder of Hackett. The Group adopts merger accounting for this common control combination. The acquisition was completed on 29 March 2019.

On 20 November 2018, the Company entered into the acquisition agreement with Software Research Associates, Inc., a company incorporated in Japan with limited liability and wholly-owned by SRA Holdings, Inc., the shares of which are listed on the First Section of the Tokyo Stock Exchange, for acquisition of 25% issued share in Hackett for a total consideration of HK$222,500,000 by issuing 404,545,454 shares ("SRA Acquisition"). Completion of the SRA Acquisition is conditional upon completion of the CVP Acquisition having occurred. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the acquisition, amounted to HK$0.8 per share. Upon completion of the SRA Acquisition, the difference between the consideration and the derecognition of the carrying value of respective non-controlling interest of Hackett is recognised in other reserve of the Company since changes in the Group's ownership interests in Hackett do not result in a change of control as detailed in Note 41. The acquisition was completed on 29 March 2019.

The consolidated financial statements of the Group for the year ended 31 March 2018 had been restated to reflect the effects of the application of merger accounting for business combinations under common control occurred during the year ended 31 March 2019.

41. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES

The Group had the following changes in its ownership interest in a subsidiary that did not result in a loss of control.

Deemed acquisition of additional interest in subsidiaries

For the year ended 31 March 2020

(i) CVP Capital

During the year ended 31 March 2020, CVP Capital issued 2,000,000 ordinary shares at HK$1 per share to CVP Financial and the Group's ownership was in CVP Capital increased from 57.75% to 59.98%. This resulted in an increase in non-controlling interests and decrease in equity attributable to owners of the Company of approximately HK$711,000. A schedule of the effect of deemed acquisition of additional interest is as follow

	HK$'000
Carrying amount of non-controlling interest acquired and recognised in capital reserve within equity	**(711)**

(ii) BITOCEAN

During the year ended 31 March 2020, BITOCEAN issued 3,110 ordinary shares at approximately JPY27,000 per share (equivalent to approximately HK$2,000 per share) to Madison Lab and the Group's ownership in BITOCEAN was increased from 85.36% to 94.93%. This resulted in a decrease in non-controlling interests and increase in equity attributable to owners of the Company of approximately HK$48,447,000. A schedule of the effect of deemed acquisition of additional interest is as follow:

	HK$'000
Carrying amount of non-controlling interest acquired and recognised in capital reserve within equity	**48,447**

41. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES *(Continued)*

Deemed acquisition of additional interest in subsidiaries *(Continued)*

For the year ended 31 March 2019

(i) CVP Financial

On 27 April 2018, the Company acquired an additional 2.67% issued shares of CVP Financial, increasing its ownership interest to 89.34%. Cash consideration of HK$8,400,000 was paid to the non-controlling shareholders. The carrying value of the net liabilities of CVP Financial was approximately HK$97,439,000. A schedule of the effect of acquisition of additional interest is as follow:

	2019 HK$'000
Carrying amount of non-controlling interest acquired	(2,602)
Consideration paid for acquisition of additional interest in CVP Financial	(8,400)
Difference recognised in capital reserve within equity	(11,002)

(ii) Hackett

On 29 March 2019, the Company acquired an additional 25% issued shares of Hackett, increasing its ownership interest to 77%. A total consideration of HK$222,500,000 was settled by issuing 404,545,454 consideration shares to the non-controlling shareholders. The carrying value of the net assets of Hackett was approximately HK$320,672,000. A schedule of the effect of acquisition of additional interest is as follow:

	2019 HK$'000
Carrying amount of non-controlling interest acquired	80,168
Consideration paid for acquisition of additional interest in Hackett	(323,637)
Difference recognised in capital reserve within equity	(243,469)

42. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019
	HK$'000
Within one year	10,822
In the second to fifth year inclusive	7,261
	18,083

As at 31 March 2019, operating lease payments represent rentals payable by the Group for certain of its office premises, warehouses and shop. Leases are negotiated for terms ranged from one to five years and rentals are fixed over the terms of the leases.

The Group is the lessee in respect of a number of office premises, warehouses and shop which the leases were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 3). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 4, and the details regarding the Group's future lease payments are disclosed in note 20.

43. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2020, the Group entered into new lease arrangements in respect of properties. Right-of-use assets and lease liabilities of approximately HK$18,813,000 were recognised at the commencement dates of the leases.

(b) During the year ended 31 March 2019, CVP Financial exercised the exchange rights to exchange the carrying amount of the Exchangeable Bonds amounted approximately HK$72,088,000 into 49% Bartha Shares as detailed in Note 18.

(c) During the year ended 31 March 2019, the Company acquired 52% of Hackett by issuance of new shares and PN2 to CVP as detailed in Note 40.

(d) During the year ended 31 March 2019, the Group acquired additional equity interests over Hackett by issuance of new shares as detailed in the Note 41(ii).

(e) During the year ended 31 March 2019, the Group acquired certain equity interests over Diginex HPC by issuance of new shares as detailed in the Note 38(i).

44. RETIREMENT BENEFITS SCHEME

Hong Kong

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

The PRC

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

There were no forfeited contributions utilised to offset employers' contributions for the year. The employers' contributions which have been dealt with in the consolidated statements of profit or loss and other comprehensive income were as follows:

	2020 **HK$'000**	2019 HK$'000
Employers' contributions charged to the consolidated statements of profit or loss and other comprehensive income	**3,566**	3,104

45. SHARE-BASED PAYMENT TRANSACTIONS

The Company has conditionally adopted a share option scheme pursuant to a written resolution of the shareholders of the Company passed on 21 September 2015 (the "Share Option Scheme") for the purpose of providing incentives or rewards to eligible persons for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

At 31 March 2020, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 784,900,000 (31 March 2019: 478,800,000), representing 15.1% (31 March 2019: 9.2%) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. On 17 August 2018, an ordinary resolution had been approved by the Company's shareholders to refresh the scheme mandate limit under the Share Option Scheme that share options granted must not in aggregate exceed 30% of the shares of the Company.

On 17 December 2015, the Company granted an aggregate of 18,100,000 share options (the "Share Options") to the grantees of the Company, to subscribe, in aggregate, for up to 18,100,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme.

45. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Upon the Share Subdivision becoming effective on 8 November 2016, adjustments shall be made to the exercise price of the outstanding Share Options and the number of Subdivided Shares to be allotted and issued upon full exercise of subscription rights attaching to the outstanding Share Options in the following manner:

	Immediately before the Share Subdivision becoming effective		Immediately after the Share Subdivision becoming effective	
Date of grant	Number of Share Options to be issued	Exercise price per Share Option	Adjusted number of Subdivided Shares to be issued	Adjusted exercise price per Subdivided Share
17 December 2015	18,100,000	HK$8.00	181,000,000	HK$0.80

Save for the above adjustments, all other terms and conditions of the outstanding Share Options granted under the Share Option Scheme remain unchanged. Details of the adjustments to the Share Options upon the Share Subdivision are disclosed in the announcement of the Company dated 7 November 2016.

On 3 April 2018, the Company granted an aggregate of 219,000,000 share options to the employees, directors and consultants of the Company, to subscribe, in aggregate, for up to 219,000,000 ordinary shares (each a "Share") of HK$0.001 each in the share capital of the Company at exercise price of HK$1.89 each per Share. For details, please refer to the announcement of the Company dated 3 April 2018.

On 13 December 2018, the Company granted an aggregate of 48,000,000 share options to the consultants of the Company, to subscribe, in aggregate, for up to 48,000,000 Shares at exercise price of HK$1.12 each per Share. For details, please refer to the announcement of the Company dated 13 December 2018.

On 14 December 2018, the Company granted an aggregate of 42,000,000 share options to the consultants of the Company, to subscribe, in aggregate, for up to 42,000,000 Shares at exercise price of HK$1.04 each per share. For details, please refer to the announcement of the Company dated 14 December 2018.

On 16 August 2019, the Company granted an aggregate of 11,500,000 share options to the employees of the Company, to subscribe, in aggregate, for up to 11,500,000 Shares at exercise price of HK$0.325 each per share. For details, please refer to the announcement of the Company dated 16 August 2019.

45. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

On 6 December 2019, the Company granted an aggregate of 355,400,000 share options to the employees, directors and consultants of the Company, to subscribe, in aggregate, for up to 355,400,000 Shares at exercise price of HK$0.207 each per share. For details, please refer to the announcement of the Company dated 6 December 2019.

During the year ended 31 March 2020, the total estimated fair values of the options granted are HK$25,286,000 (2019: HK$29,053,000). Fair value of share options granted to consultants was measured at market prices for their services provided.

The fair values of the share options granted to directors or employees during the years were calculated using the Binomial model. The inputs into the model were as follows:

	2020	2019
Weighted average share price (HK$)	**0.206-0.325**	1.89
Weighted average exercise price (HK$)	**0.207-0.325**	1.89
Expected volatility	**59.126-59.774%**	75.216%
Expected life (years)	**10**	10
Risk-free rate	**1.018-1.575%**	1.898%
Expected dividend yield	**0%**	0%

Expected volatility was determined by using the historical volatility of the Company's share price and reference to the companies in the similar industry.

Share-based payment expenses of approximately HK$7,763,000 (2019: HK$29,049,000) were recognised by the Group for the year ended 31 March 2020 in relation to share options granted by the Company.

45. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Details of the Company's share options held by grantees are as follows:

Category of participant	Date of grant	Outstanding at 31 March 2019	Outstanding at 31 March 2020	Vesting period	Exercise period	Exercise price per share
Shareholders	17 December 2015	21,000,000	21,000,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 June 2025	HK$0.80
Consultants	17 December 2015	160,000,000	160,000,000	17 December 2015 to 16 June 2016	17 June 2016 to 16 June 2025	HK$0.80
Directors	3 April 2018	7,900,000	5,900,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK$1.89
Employees	3 April 2018	10,300,000	10,000,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK$1.89
Consultants	3 April 2018	189,600,000	184,600,000	3 April 2018 to 31 December 2018	1 January 2019 to 2 April 2028	HK$1.89
Consultants	13 December 2018	48,000,000	48,000,000	13 December 2018 to 30 June 2019	1 July 2019 to 12 December 2028	HK$1.12
Consultants	14 December 2018	42,000,000	–	14 December 2018 to 29 March 2019	1 July 2019 to 13 December 2028	HK$1.04
Directors	6 December 2019	–	59,900,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK$0.207
Directors	6 December 2019	–	59,900,000	6 December 2019 to 5 December 2021	6 December 2021 to 5 December 2029	HK$0.207
Consultants	6 December 2019	–	51,900,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK$0.207
Consultants	6 December 2019	–	51,900,000	6 December 2019 to 5 December 2021	6 December 2021 to 5 December 2029	HK$0.207
Employees	6 December 2019	–	65,900,000	6 December 2019 to 5 December 2020	6 December 2020 to 5 December 2029	HK$0.207
Employees	6 December 2019	–	65,900,000	6 December 2019 to 5 December 2021	6 December 2021 to 5 December 2029	HK$0.207

45. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The following table discloses movements of the Company's share options held by shareholders, consultants and directors during the years:

During the year ended 31 March 2020

Category of participant	Outstanding at 1 April 2019	Granted during the year	Lapse/cancelled/ reclassified during the year	Outstanding at 31 March 2020
Directors	**7,900,000**	**119,800,000**	**(7,000,000)**	**120,700,000**
Employees	**10,300,000**	**143,300,000**	**(11,800,000)**	**141,800,000**
Shareholders	**21,000,000**	**–**	**–**	**21,000,000**
Consultants	**439,600,000**	**103,800,000**	**(42,000,000)**	**501,400,000**
	478,800,000	**366,900,000**	**(60,800,000)**	**784,900,000**
Weighted average exercise price (HK$)	**1.3**	**0.2**	**1.0**	**0.8**

During the year ended 31 March 2019

Category of participant	Outstanding at 1 April 2018	Granted during the year	Lapse/cancelled during the year	Outstanding at 31 March 2019
Directors	–	12,900,000	(5,000,000)	7,900,000
Employees	–	16,000,000	(5,700,000)	10,300,000
Shareholders	21,000,000	–	–	21,000,000
Consultants	160,000,000	280,100,000	(500,000)	439,600,000
	181,000,000	309,000,000	(11,200,000)	478,800,000
Weighted average exercise price (HK$)	0.8	1.7	1.9	1.3

46. RELATED PARTY TRANSACTIONS

(a) The balances with related parties at the end of the reporting period are disclosed elsewhere in the consolidated financial statements.

(b) During the year ended 31 March 2020 and 2019, the Group had following material transactions with its related party:

Name of related party	Nature of transaction	2020 HK$'000	2019 HK$'000
Bartha Holdings	Interest expenses on convertible bonds	**13,642**	9,522
CVP Holdings	Interest expenses on promissory note	**1,211**	1,102
CVP Financial Group Limited ("CVP")	Interest expenses on promissory note	**13,405**	–
Mr. Ting	Commission income	**224**	86
	Storage income	**168**	216
Ip Cho Yin	Interest expenses on loan from a director	**3,800**	3,800

Note a: Bartha Holdings is 88.90% beneficially owned by Mr. Ting.

Note b: CVP Holdings is 100% beneficially owned by Mr. Ting.

Note c: CVP is 100% beneficiary owned by Mr. Ting.

Note d: Mr Ting is a substantial shareholder of the Company.

Note e: Ip Cho Yin is a non-executive director of the Company.

During the year ended 31 March 2019, the Group acquired Hackett from CVP by issuing 504,872,727 shares and PN2. Details are set out in Note 40(ii).

During the year ended 31 March 2019, the Group acquired of additional 20% of the total issued share in Novel Idea from an associate of the Company. Details are set out in Note 38(iv).

During the year ended 31 March 2019, the Group has exercised the exchange rights to exchange the carrying amount of the Exchangeable Bonds amounted approximately HK$72,088,000 into 49% Bartha Shares as detailed in note 18.

46. RELATED PARTY TRANSACTIONS *(Continued)*

(c) The remuneration of directors and other members of key management during the year are as follows:

	2020	2019
	HK$'000	HK$'000
Short-term benefits	**9,137**	21,659
Post-employment benefits	**124**	195
Equity-settled share-based payment expenses	**3,031**	23,586
	12,292	45,440

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

47. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

			Non-cash changes						
	1 April 2019	Financing cash flows	Finance cost incurred	Interests accrued	Government grants	Recognition of right of use assets	Disposal of subsidiaries	Foreign exchange movements	31 March 2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amount due to a shareholder	–	296	–	–	–	–	–	–	296
Amount due to a director	1,081	(917)	–	–	–	–	–	–	164
Amount due to associates	2,832	(2,832)	–	–	–	–	–	–	–
Amount due to non-controlling shareholder	707	(707)	–	–	–	–	–	–	–
Loan from a director	38,000	–	3,800	(3,800)	–	–	–	–	38,000
Loan from a subsidiary of non-controlling shareholder	106,350	–	3,226	(3,226)	–	–	–	750	107,100
Loan from a related company	14,063	787	–	–	–	–	(14,850)	–	–
Interest payable (included in trade and other payables)	21,389	(31,780)	–	27,010	–	–	(13,139)	–	3,480
Borrowings	369,088	(90,024)	19,233	(19,233)	–	–	(165,488)	(9,584)	103,992
Convertible bonds *(Note 33)*	157,832	–	13,642	(751)	–	–	(48,966)	–	121,757
Promissory note *(Note 36)*	153,304	–	14,616	–	–	–	–	–	167,920
Deferred income	1,159	1,404	–	–	(1,680)	–	(883)	–	–
Lease liabilities	12,557	(12,065)	964	–	–	18,813	(5,366)	(62)	14,841
	878,362	(135,838)	55,481	–	(1,680)	18,813	(248,692)	(8,896)	557,550

47. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

(Continued)

	1 April 2018	Financing cash flows	Non-cash changes: Finance cost incurred	Interest accrued	Deemed capital contribution	Capital injection from the ex-shareholder of a subsidiary	Acquisitions of subsidiaries	Settlement of consideration for the acquisition of a subsidiary	Foreign exchange movements	31 March 2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Amount due to a shareholder	41,872	(41,872)	–	–	–	–	–	–	–	–
Amount due to related companies	76,213	–	–	–	–	(76,213)	–	–	–	–
Amount due to a director	–	1,081	–	–	–	–	–	–	–	1,081
Amount due to associates	–	2,832	–	–	–	–	–	–	–	2,832
Amount due to non-controlling shareholder	4	703	–	–	–	–	–	–	–	707
Loan from a director	38,000	–	3,800	(3,800)	–	–	–	–	–	38,000
Loan from a subsidiary of non-controlling shareholder	–	106,350	2,122	(2,122)	–	–	–	–	–	106,350
Loan from a related company	–	15,701	–	–	(1,638)	–	–	–	–	14,063
Loan from a shareholder	800	(800)	–	–	–	–	–	–	–	–
Interest payable (included in trade and other payables)	952	–	–	20,437	–	–	–	–	–	21,389
Borrowings	–	143,724	17,520	(13,515)	–	–	219,559	–	1,800	369,088
Convertible bonds *(Note 33)*	145,254	–	13,578	(1,000)	–	–	–	–	–	157,832
Promissory note *(Note 36)*	11,257	–	1,102	–	–	–	–	140,945	–	153,304
	314,352	227,719	38,122	–	(1,638)	(76,213)	219,559	140,945	1,800	864,646

48. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries as at 31 March 2020 and 2019 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Class of share held	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Group 2020 Directly	2020 Indirectly	2019 Directly	2019 Indirectly	Percentage of proportion of voting power held by the Company 2020 Directly	2020 Indirectly	2019 Directly	2019 Indirectly	Principal activities
Madison International	Republic of Seychelles ("Seychelles") 21 November 2013	Hong Kong	Ordinary shares	US$10,870/ US$10,870	**100%**	**–**	100%	–	**100%**	**–**	100%	–	Investment holding
Madison (China) Limited	Hong Kong 14 April 1997	Hong Kong	Ordinary shares	HK$10,000/ HK$10,000	**–**	**100%**	–	100%	**–**	**100%**	–	100%	Sales of alcoholic beverages
Madison Wine Club Limited	Hong Kong 12 January 2012	Hong Kong	Ordinary shares	HK$1/ HK$1	**–**	**100%**	–	100%	**–**	**100%**	–	100%	Sales of alcoholic beverages and wine storage
CVP Financial	BVI 21 September 2016	Hong Kong	Ordinary shares	US$10,000/ US$10,000	**89.34%**	**–**	89.34%	–	**89.34%**	**–**	89.34%	–	Investment holding
Pure Horizon Holdings Limited	BVI 23 June 2016	Hong Kong	Ordinary shares	US$1/ US$1	**100%**	**–**	100%	–	**100%**	**–**	100%	–	Investment holding
CVP Capital	Hong Kong 20 May 2014	Hong Kong	Ordinary shares	HK$9,300,000/ HK$9,300,000	**–**	**59.98%**	–	57.75%	**–**	**67.14%**	–	64.64%	Business consultancy
Madison Auction Limited	Hong Kong 9 January 2018	Hong Kong	Ordinary shares	HK$1/ HK$1	**–**	**100%**	–	100%	**–**	**100%**	–	100%	Provision of wine auction services
CVP Investment Holdings Limited	Hong Kong 28 June 2017	Hong Kong	Ordinary shares	HK$1/ HK$1	**–**	**89.34%**	–	89.34%	**–**	**100%**	–	100%	Investment holding

48. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Class of share held	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Group				Percentage of proportion of voting power held by the Company				Principal activities
					2020		2019		**2020**		2019		
					Directly	**Indirectly**	Directly	Indirectly	**Directly**	**Indirectly**	Directly	Indirectly	
Bartha International	Hong Kong 15 April 2015	Hong Kong	Ordinary shares	HK$76,213,000/ HK$76,213,000	**–**	**–**	–	43.78%	**–**	**–**	–	100%	Investment holding
CVP Securities	Hong Kong 22 March 2014	Hong Kong	Ordinary shares	HK$100,000,000/ HK$100,000,000	**–**	**–**	–	43.78%	**–**	**–**	–	100%	Trading and advising of securities and futures
Diginex HPC	Gibraltar 21 December 2015	Gibraltar	Ordinary shares	GBP2,000/ GBP2,000	**–**	**–**	–	51%	**–**	**–**	–	51%	Blockchain service business
HPC Nordic	Sweden 17 October 2017	Sweden	Ordinary shares	Swedish Korna ("SEK") 50,000/ SEK200,000	**–**	**–**	–	51%	**–**	**–**	–	100%	Blockchain service business
BITOCEAN	Japan 12 May 2014	Japan	Ordinary shares	JPY 155,000,000/ JPY 155,000,000	**–**	**94.93%**	–	85.36%	**–**	**94.93%**	–	85.36%	Blockchain service business
Hackett Enterprises Limited	Seychelles 3 September 2014	Hong Kong	Ordinary shares	US$100/ US$1,000,000	**77%**	**–**	77%	–	**77%**	**–**	77%	–	Investment holding
Starlight Financial Holdings Limited	Hong Kong 3 June 2011	Hong Kong	Ordinary shares	HK$234,000,000/ HK$234,000,000	**–**	**53.9%**	–	53.9%	**–**	**70%**	–	70%	Investment holding
China Runking Financing Group Limited	Hong Kong 15 February 2013	Hong Kong	Ordinary shares	HK$1/ HK$1	**–**	**53.9%**	–	53.9%	**–**	**100%**	–	100%	Loan financing services
City Eagle Holdings Limited	Hong Kong 27 June 2011	Hong Kong	Ordinary shares	HK$100/ HK$100	**–**	**53.9%**	–	53.9%	**–**	**100%**	–	100%	Investment holding
Wine Financier Limited	Hong Kong 11 September 2014	Hong Kong	Ordinary shares	HK$10,000/ HK$10,000	**–**	**77%**	–	77%	**–**	**100%**	–	100%	Referral financial services
Chongqing Run Kun Management Consulting Company Limited# (「重慶潤坤企業管理諮詢有限公司」)	The PRC 17 June 2013	The PRC	Registered capital	HK$10,000,000/ HK$10,000,000	**–**	**53.9%**	–	53.9%	**–**	**100%**	–	100%	Financial consulting services
Run Tong Credit (Liangjiang District Chongqing) Co. Ltd.# (「重慶市兩江新區潤通小額貸款有限公司」)	The PRC 18 October 2011	The PRC	Registered capital	US$30,000,000/ US$30,000,000	**–**	**53.9%**	–	53.9%	**–**	**100%**	–	100%	Loan financing services and microfinance services

The English translation is for identification only.

In the opinion of the directors of the Company, the subsidiaries of the Company listed in the above table principally affected the results, assets and liabilities of the Group. To give details of other subsidiaries would result in particular of excessive length.

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

48. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Composition of the Group

Information about the composition of the Group other than the principal subsidiaries disclose above at the end of the reporting period is as follows:

Principal activities	Places of incorporation	Number of wholly-owned subsidiaries	
		2020	2019
Investment holding	Hong Kong	**8**	7
	BVI	**4**	4
	Seychelles	**2**	2
	Cayman	**1**	2
		15	15

Principal activities	Places of incorporation	Number of non-wholly-owned subsidiaries	
		2020	2019
Investment holding	Hong Kong	**5**	8
	Seychelles	**–**	1
	The PRC	**3**	2
Financial services	Hong Kong	**1**	1
Loan financing services	The PRC	**1**	3
		10	15

48. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly-owned subsidiaries that have material non-controlling interests to the Group are disclosed below.

Details of non-wholly owned subsidiary that have material non-controlling interests

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

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests held by non-controlling interests		Voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interest	
		2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
						HK$'000	HK$'000	**HK$'000**	HK$'000
CVP Financial	BVI/Hong Kong	**10.66%**	10.66%	**10.66%**	10.66%	**(7,250)**	(7,172)	**(16,076)**	17,509
Hackett	Seychelles/ Hong Kong	**23%**	23%	**23%**	23%	**(3,727)**	41,427	**173,554**	269,169
Diginex HPC	Gibraltar	**N/A**	49%	**N/A**	49%	**(24,717)**	(83,318)	**N/A**	(86,037)
Individual immaterial subsidiaries with non-controlling interests						**(3,666)**	(1,408)	**8,445**	(14,201)
Total						**(39,360)**	(50,471)	**165,923**	186,440

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts before intra-group eliminations.

48. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Continued)*

CVP Financial

	2020 HK$'000	2019 HK$'000
Current assets	**150,251**	195,570
Non-current assets	**32,688**	92,442
Current liabilities	**(358,891)**	(385,877)
Non-current liabilities	**(6)**	(47,288)
Equity attributable to owner of the Company	**(159,882)**	(162,662)
Non-controlling interests	**(16,076)**	17,509

	2020 HK$'000	2019 HK$'000
Revenue	**3,100**	21,175
Expenses	**(53,724)**	(72,778)
Loss for the year and total comprehensive expense for the year	**(50,624)**	(51,063)
Loss for the year and total comprehensive expense for the year attributable to owners of the Company	**(43,374)**	(43,891)
Loss for the year and total comprehensive expense for the year attributable to non-controlling interests	**(7,250)**	(7,172)

48. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Continued)*

CVP Financial *(Continued)*

	2020 **HK$'000**	2019 HK$'000
Net cash outflow from operating activities	**(34,823)**	(47,712)
Net cash inflow from investing activities	**280,228**	24,295
Net cash (outflow) inflow from financing activities	**(312,405)**	33,527
Net cash (outflow) inflow	**(67,000)**	10,110

Hackett

	2020 **HK$'000**	2019 HK$'000
Current assets	**542,176**	575,522
Non-current assets	**48,638**	40,017
Current liabilities	**(188,351)**	(178,926)
Non-current liabilities	**(2,305)**	(794)
Equity attributable to owner of the Company	**226,604**	166,650
Non-controlling interests	**173,554**	269,169

48. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Continued)*

Hackett *(Continued)*

	2020 HK$'000	2019 HK$'000
Revenue	**86,547**	141,400
Expenses	**(96,784)**	(71,199)
(Loss) profit for the year and total comprehensive income for the year	**(10,237)**	70,201
(Loss) profit for the year and total comprehensive income for the year attributable to owners of the Company	**(6,510)**	28,774
(Loss) profit for the year and total comprehensive income for the year attributable to non-controlling interests	**(3,727)**	41,427

	2020 HK$'000	2019 HK$'000
Net cash inflow (outflow) from operating activities	**149,756**	(46,760)
Net cash outflow from investing activities	**(110,467)**	(191,286)
Net cash (outflow) inflow from financing activities	**(12,078)**	100,663
Net cash inflow (outflow)	**27,211**	(137,383)

48. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Continued)*

Diginex HPC

	2019 HK$'000
Current assets	15,576
Non-current assets	82,001
Current liabilities	(170,253)
Non-current liabilities	(102,909)
Equity attributable to owner of the Company	(89,548)
Non-controlling interests	(86,037)

	1 April 2019 to 22 January 2020 HK$'000	31 July 2018 to 31 March 2019 HK$'000
Revenue	**30,141**	29,384
Expenses	**(338,075)**	(209,645)
Loss for the period and total comprehensive expense for the period	**(307,934)**	(180,261)
Loss for the period and total comprehensive expense for the period attributable to owners of the Company	**(283,217)**	(96,943)
Loss for the period and total comprehensive expense for the period attributable to non-controlling interests	**(24,717)**	(83,318)

48. PARTICULARS OF SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly owned subsidiary that have material non-controlling interests *(Continued)*

Diginex HPC *(Continued)*

	2019 HK$'000
Net cash outflow from operating activities	(274,011)
Net cash inflow from investing activities	252,326
Net cash inflow from financing activities	51,871
Net cash inflow	30,186

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current assets		
Investments in subsidiaries	**429,051**	941,547
Plant and equipment	**128**	168
	429,179	941,715
Current assets		
Other receivables	**281**	715
Amount due from immediate holding company	**–**	4
Amounts due from associates	**–**	11
Amount due from a subsidiary	**237,751**	528,946
Bank balances	**51**	4,518
	238,083	534,194

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2020 HK$'000	2019 HK$'000
Current liabilities		
Other payables	**3,397**	11,944
Amounts due to subsidiaries	**111,368**	14,450
Borrowings	**103,992**	162,100
Derivative financial instrument	**59,205**	53,638
Promissory notes payables	**167,920**	140,945
	445,882	383,077
Net current (liabilities) assets	**(207,799)**	151,117
Total assets less current liabilities	**221,380**	1,092,832
Capital and reserves		
Share capital	**5,193**	5,193
Reserves *(Note)*	**94,430**	963,936
Total equity	**99,623**	969,129
Non-current liabilities		
Convertible bonds	**121,757**	111,344
Promissory note payable	**–**	12,359
	121,757	123,703
	221,380	1,092,832

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

Reserves of the Company

	Share premium	Other reserve	Capital reserve	Share options reserve	Convertible bonds – equity conversion reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Note a)	*(Note b)*				
At 1 April 2018	65,376	62,217	(20,144)	11,376	174,782	(47,099)	246,508
Loss for the year end and total comprehensive expense for the year	–	–	–	–	–	(503,305)	(503,305)
Issue of shares upon placing *(Note 35)*	119,025	–	–	–	–	–	119,025
Share issue expenses	(1,355)	–	–	–	–	–	(1,355)
Recognition of equity-settled share-based payments expenses	–	–	–	29,049	–	–	29,049
Lapse of share options	–	–	–	(9,818)	–	9,818	–
Share issued for acquisition of subsidiaries under common control combination *(Note 40)*	403,393	–	–	–	–	–	403,393
Acquisition of additional interest in a subsidiary by issuing share	323,232	–	–	–	–	–	323,232
Acquisition of a subsidiary *(Note 38)*	347,389	–	–	–	–	–	347,389
At 31 March 2019	1,257,060	62,217	(20,144)	30,607	174,782	(540,586)	963,936
Loss for the year end and total comprehensive expense for the year	–	–	–	–	–	(877,269)	(877,269)
Recognition of equity-settled share-based payments expenses	–	–	–	7,763	–	–	7,763
Lapse of share options	–	–	–	(8,747)	–	8,747	–
At 31 March 2020	1,257,060	62,217	(20,144)	29,623	174,782	(1,409,108)	94,430

Notes:

(a) Other reserve represents the difference between the nominal value of the shares issued for the acquisition of Madison International and the consolidated net asset values of Madison International and its subsidiaries at the date of acquisition.

(b) Capital reserve represents a fair value of put option amounting to approximately HK$20,144,000 exercisable by non-controlling shareholders was recorded upon initial recognition, as detailed in note 34(a) to the consolidated financial statements.

FINANCIAL SUMMARY

RESULTS

For the year ended 31 March

	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**201,483**	310,352	269,584	139,912	126,684
(Loss) profit before tax	**(322,532)**	(403,088)	(121,142)	(16,366)	(7,083)
Income tax credit (expense)	**4,250**	(16,627)	(6,742)	374	(2,221)
(Loss) profit for the year and total comprehensive (expense) income for the year attributable to:					
Owners of the Company	**(278,922)**	(369,244)	(123,969)	(15,638)	(9,447)
Non-controlling interests	**(39,360)**	(50,471)	(3,915)	(354)	143

ASSETS AND LIABILITIES

As at 31 March

	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**863,514**	1,536,880	1,027,598	162,935	130,520
Total liabilities	**(665,599)**	(1,074,689)	(485,060)	(8,712)	(5,545)
Total equity	**197,915**	462,191	542,538	154,223	124,975