长城汇理
GREAT WALLE

GREATWALLE INC.
長城匯理公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8315

ANNUAL REPORT
2021/22

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (the "**Directors**") of Greatwalle Inc. (the "**Company**" and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.*

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors:
Mr. Song Xiaoming *(Chairman)*
Ms. Song Shiqing
Mr. Lyu Xingyuan *(Appointed on 27 April 2022)*
Mr. Hon Hoi Chuen *(Ceased on 12 July 2021)*
Ms. Lin Shuxian *(Resigned on 8 April 2022)*

Non-executive Director:
Mr. Chung Man Lai

Independent Non-executive Directors:
Mr. Li Zhongfei
Mr. Zhao Jinsong
Mr. Liu Chengwei *(Appointed on 10 September 2021)*
Ms. Guan Yan *(Ceased on 12 July 2021)*

AUDIT COMMITTEE

Mr. Zhao Jinsong *(Chairman)*
Mr. Li Zhongfei
Mr. Liu Chengwei *(Appointed on 10 September 2021)*
Ms. Guan Yan *(Ceased on 12 July 2021)*

REMUNERATION COMMITTEE

Mr. Li Zhongfei *(Chairman)*
Mr. Zhao Jinsong
Mr. Liu Chengwei *(Appointed on 10 September 2021)*
Ms. Guan Yan *(Ceased on 12 July 2021)*

NOMINATION COMMITTEE

Mr. Song Xiaoming *(Chairman)*
Mr. Zhao Jinsong
Mr. Li Zhongfei

COMPANY SECRETARY

Ms. Li Yan *(Appointed on 1 February 2022)*
Ms. Lam Yuen Ling Eva *(Resigned on 1 February 2022)*

AUTHORISED REPRESENTATIVES

Ms. Song Shiqing
Mr. Song Xiaoming *(Appointed on 12 July 2021)*
Mr. Hon Hoi Chuen *(Ceased on 12 July 2021)*

COMPLIANCE OFFICER

Ms. Song Shiqing

INDEPENDENT AUDITOR

BDO Limited

LEGAL ADVISER

As to Hong Kong Laws
Tian Yuan Law Firm LLP
Suites 3304-3309, 33/F
Jardine House
One Connaught Place
Central
Hong Kong

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2008, 20/F.
West Tower, Shun Tak Centre
200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

COMPANY WEBSITE

www.kingforce.com.hk

STOCK CODE

8315

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Greatwalle Inc. (the "**Company**") and its subsidiaries (collectively known as the "**Group**"), it is my great pleasure to present to the shareholders the annual report of the Company for the year ended 31 March 2022 (the "**Year**").

The ongoing outbreak of COVID-19 during the Year has had an unprecedented impact on the economies of Hong Kong and the mainland China, where strict epidemic prevention measures are still required to be taken so far. In light of this, the Group adhered to the general keynote of seeking progress while maintaining stability. After a year of vigorous development, the security guarding and property management services in the mainland China has stablised, and efforts have been made to enhance extensive cooperation in industrial parks, schools and other areas. Additionally, the Company has improved its consolidated statement of financial position, consolidated statement of changes in equity and the consolidated statement cash flows through share consolidation during the Year, the Group's asset and liability structure was further optimised and secured a better liquidity. Meanwhile, the Group adopted a prudent expenditure policy, and the total expenditure decreased by 6% over the last year. Due to the adverse impact of the outbreak of COVID-19 and the uncertain external environment, the Group's asset management business lagged behind slightly. The preliminary operation of certain projects is advancing in an orderly manner, and potential acquisition targets have been identified.

To further enhance the Group's core competitiveness, in the long run, the Group has the plan to extend its security guarding and property management services in the mainland China through construction of vocational schools, production and education integration bases. Meanwhile, the Group will continue to increase the scale of fund issuance and continuously strengthen the comprehensive competitiveness of the Company in the field of asset management services.

I would like to take this opportunity to express my sincere gratitude to the management team and all employees for their valuable contributions and dedicated service, especially in the tough times of the epidemic. In addition, I am grateful for the strong support of all business partners and shareholders of the Group. Looking forward, the year 2022 is an important year for the national "14th Five-Year" Plan, and it is also a critical year for the Company to start a new journey for development. Despite many challenges, the Group will forge ahead, steadily promote the transformation of its principal business, and build Greatwalle into a renowned investment holding company in the industry, so as to return to customers, society and shareholders with better performance.

Song Xiaoming
Chairman

24 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the subsidiaries of the Group principally engaged in (i) the provision of security guarding and property management services (the "**Security Guarding and Property Management Services**"); and (ii) the provision of asset management services (the "**Asset Management Services**").

(a) ***Security Guarding and Property Management Services***

For the Group's Security Guarding and Property Management Services, the Group operates in both Hong Kong and the People's Republic of China (the "**PRC**"). During the Year, revenue derived from the PRC recorded a significant increment. However, it was offset by decrease in revenue derived in Hong Kong.

In the PRC, the Group's Security Guarding and Property Management Services has continued to grow and its client base has gradually expanded from government departments to schools and industrial parks. The Group has successfully expanded its Security Guarding and Property Management Services business in Dongying City, Shandong Province in the PRC in the second half of 2021. As a result, revenue from Security Guarding and Property Management Services in the PRC recorded a consecutive growth of approximately HK$9.1 million from approximately HK$37.8 million for the year ended 31 March 2021 to approximately HK$46.9 million for the Year. The Group has fully realised its comprehensive advantages in brand, operation and management system, and will continue to expand the scale of its security guarding and property management business in the PRC by riding on its foothold in the Hong Kong market and achieve sustained growth in operating revenue, with a view to building the Company into a prominent security guarding and property management enterprise in the PRC.

In Hong Kong, the Group is permitted to provide security guarding services under Type 1 security work in Hong Kong in accordance with the Security Company License regime. With years of operating experience, the Group has established a strong reputation in the field of manned security guarding services. During the Year, revenue generated from Hong Kong Security Guarding and Property Management Services decreased from HK$21.8 million for the year ended 31 March 2021 to approximately HK$8.1 million. The significant decrease in revenue from Securing Guarding and Property Management Services in Hong Kong was mainly due to the repetition and duration of the outbreak of COVID-19 which greatly exceeded the original expectation, the border restriction between the PRC and Hong Kong during the Year and up to the date of this annual report was still in place, it slowed down economic activities in Hong Kong and severely hit the business, commerce, catering, retail and tourism industries. The decline in the occupancy rate of commercial building and supply chain disruption resulted in the decrease in demand for local security guarding and property management services.

(b) ***Asset Management Services***

During the Year, the Group involved the provision of Asset Management Services.

Since 2019, the Company has begun to gradually develop its Asset Management Services. In the PRC, the Group holds a private equity investment fund manager licence from the Asset Management Association of China. The Greater China asset management industry is facing both new challenges and new opportunities under the influence of policies such as China's economic structural transformation and dual circulation.

As at 31 March 2022, the Group managed privately offered funds in the PRC where these funds invested in promising companies listed or unlisted. Total revenue of Asset Management Services for the Year amounted to approximately HK$2.0 million, of which approximately HK$1.2 million was generated from continuing connected transactions. Details of the continuing connected transactions are set out in note 34 in the consolidated financial statements and section headed "CONNECTED/CONTINUING CONNECTED TRANSACTIONS" in this annual report. It represented a decrease of approximately HK$0.5 million or 20% as compared with total revenue of approximately HK$2.5 million last year. The decrease in revenue was mainly due to the completion of the continuing connected transaction in November 2021. Revenue from external customers remained steady for the two years ended 31 March 2022 and 2021.

The Group targets to invest in (i) buyout or leveraged buyout funds; (ii) medium to long-term investments towards companies with long-term development value and have a leading position in a particular market segment; (iii) bonds; and (iv) security guarding and property management services in respect of vocational education, undergraduate education and related support education. The asset management team has been committed to exploring business and investment opportunities, aiming for quality and long-term investments and to increasing the scale of funds. We believe that the economy of the PRC will rebound after the epidemic and over the next few years, the Group will drive the asset management business into the high-quality development phase.

NON-FULFILLMENT OF RESULT GUARANTEE

Reference is made to the announcement (the "**Announcement**") of the Company dated 26 September 2019 in relation to the acquisition of 51% equity interest in Jingwudun Security Management Group Co., Limited*（精武盾保安管理集團有限公司） ("**Jingwudun**") (formerly known as Shandong Seven Commandos Security Escort Co., Limited*（山東七兵堂安保押運有限公司）and Shandong Zhong Jun Wei Shi Security Group Co., Limited*（山東中軍衛士安保集團有限公司）). Unless otherwise defined, capitalised terms used under the section headed "Management Discussion and Analysis – Non-fulfillment of Result Guarantee" shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, pursuant to the Share Transfer Agreement, the Vendor provided a Result Guarantee, whereby the Vendor guaranteed that the total income for the three financial years ending 31 March 2020, 31 March 2021 and 31 March 2022 in aggregate shall not be less than RMB60 million.

Owing to the impact of the outbreak of COVID-19, Jingwudun recorded an aggregate revenue of approximately RMB17.7 million for the three years ended 31 March 2020, 2021 and 2022, which fell below the Result Guarantee by approximately RMB42.3 million. Pursuant to the Share Transfer Agreement, in the event that Jingwudun fails to achieve the Result Guarantee, the Group shall be exempted from the obligation to pay the remaining amount of consideration of RMB3.6 million (approximately HK$4.4 million), following three years from 12 October 2019 (being the date of completion of transfer of 51% equity interest of Jingwudun).

* *For identification purpose only*

BUSINESS OUTLOOK

Following the development of the outbreak of COVID-19 and recent regulations in Hong Kong and the PRC, it is anticipated that the epidemic will gradually be contained and the economy will gradually recover in the fiscal year of 2023. Apart from focusing on the current Security Guarding and Property Management Services in the PRC and Hong Kong, the Group will consider exploring business and investment opportunities. The Group has a plan to extend its Security Guarding and Property Management Services in the PRC through constructing its own vocational schools, production and education integration bases and to provide Security Guarding and Property Management Services to such properties.

Leveraging the Group's asset management brand effect in the PRC, the Group intends to establish investment funds through our asset management platform, connecting the upstream and downstream educational industrial chains with portfolio investment management, as such to transform the Group into a boutique asset management vehicle.

The Board believes that the Group's strategy to extension of businesses could provide a better return to the shareholders of the Company (the "**Shareholders**").

FINANCIAL REVIEW

Revenue

For the years ended 31 March 2021 and 2022, the Group's revenue was generated from (i) the provision of Security Guarding and Property Management Services in Hong Kong and the PRC; (ii) provision of Asset Management Services. Total revenue of the Group decreased by approximately HK$5.1 million or 8.2% from approximately HK$62.0 million for the year ended 31 March 2021 to approximately HK$56.9 million for the year ended 31 March 2022. The following table sets forth the breakdown of the Group's revenue for the years ended 31 March 2021 and 2022:

	Year ended 31 March			
	2022		2021	
	HK$'000	**Percentage**	HK$'000	Percentage
Provision of Security Guarding and Property Management Services	**54,985**	**96.6%**	59,583	96.0%
Provision of Asset Management Services	**1,961**	**3.4%**	2,452	4.0%
Total	**56,946**	**100.0%**	62,035	100%

(a) Security Guarding and Property Management Services

During the Year, the Group has expanded its Security Guarding and Property Management Services in Dongying City, Shandong Province the PRC. As a result, revenue generated from Security Guarding and Property Management Service in the PRC recorded an increase of approximately HK$9.1 million from HK$37.8 million for the year ended 31 March 2021 to approximately HK$46.9 million for the Year, the increase was offset by the decrease in revenue of Hong Kong's Security Guarding and Property Management Services by approximately HK$13.7 million or 62.8% from approximately HK$21.8 million for the year ended 31 March 2021 to approximately HK$8.1 million for the Year. The decrease was encumbered due to the continuing outbreak of COVID-19, the decline in occupancy rate of commercial building and supply chain disruption resulted in a decrease in demand for security guarding and property management services in Hong Kong.

(b) Asset Management Services

Total revenue of Asset Management Services for the Year amounted to approximately HK$2.0 million, of which approximately HK$1.2 million was generated from continuing connected transactions. Details of the continuing connected transactions are set out in note 34 in the consolidated financial statements and section headed "CONNECTED/CONTINUING CONNECTED TRANSACTIONS" in this annual report. It represented a decrease of approximately HK$0.5 million or approximately 20% as compared with total revenue of approximately HK$2.5 million last year. The decrease in revenue was mainly due to the completion of the continuing connected transaction in November 2021. Revenue from external customers remained steady for the two years ended 31 March 2022 and 2021.

Cost of services rendered

For the years ended 31 March 2021 and 2022, the cost of services rendered amounted to approximately HK$56.5 million and HK$55.7 million respectively.

(a) Security Guarding and Property Management Services

The cost of services rendered mainly consists of direct guard costs amounted to approximately HK$56.5 million and HK$55.7 million for the year ended 31 March 2021 and 2022 respectively, representing approximately 91.1% and 97.8% of the Group's revenue respectively. Such increase in the cost of services in the percentage of revenue was due to (i) the general increase in the guard cost in Hong Kong; and (ii) the Security Guarding and Property Management Services in the PRC were still in the stage of rapid development yet to realise an overall profit.

As at 31 March 2022, the Group had a total of 1,347 employees (31 March 2021: 514 employees), of which 1,203 were full-time and part-time guards providing manned security guarding and related services (31 March 2021: 487). The increase in number of guards was due to the Group's business expansion in Dongying City, Shandong Province, the PRC.

(b) Asset Management Services

In contrast to the labour intensive character in the Security Guarding and Property Management Services, cost of services rendered of Asset Management Services mainly consists of business surcharge amounted to approximately HK$6,000 (2021: approximately HK$5,000).

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK$4.2 million or 76.4% from approximately HK$5.5 million for the year ended 31 March 2021 to approximately HK$1.3 million for the year ended 31 March 2022. The decrease in the Group's gross profit was mainly due to (i) the general increase in guard cost in the Hong Kong market; (ii) the adverse impact of the outbreak of COVID-19 on the demand in the general security guarding industry in Hong Kong as mentioned above; and (iii) the Security Guarding and Property Management Services in the PRC were still in the stage of rapid development yet to finalise an overall profit.

Other income and losses, net

Other income mainly included gain on disposal of certain subsidiaries with net liabilities. For the Year, other income amounted to approximately HK$1.8 million (2021: approximately HK$7.1 million). The decrease in other income was mainly due to the absence of (i) the one-off government grant from the Employment Support Scheme under the Anti-epidemic launched by the Government of HKSAR in respect of the outbreak of COVID-19 approximately HK$1.6 million being recognised for the year ended 31 March 2021; (ii) the one-off gain on modification of the terms of promissory note of approximately HK$2.4 million for the year ended 31 March 2021; and (iii) increase in fair value gain to approximately HK$2.3 million in relation to contingent consideration payable arising from the acquisition of Jingwudun recognised for the year ended 31 March 2021 and the fair value of such contingent consideration payable has no material changes for the Year.

Administrative expenses

The Group's administrative expenses decreased by approximately HK$1.6 million or 6.3% from approximately HK$25.6 million for the year ended 31 March 2021 to approximately HK$24.0 million for the Year. The decrease in the Group's administrative expenses was mainly due to the decrease in legal and professional expenses.

Impairment loss on right-of-use assets

The Group entered into a lease (as a lessee) of an office premise in the PRC in October 2021 for a term of 5 years, subsequently right-of-use assets (the "**ROU Assets**") were recognised at the commencement date of the lease and were tested at least annually for impairment. For the purpose of assessing impairment, ROU assets were grouped at the lowest level for which there were separately identified cash-generating units ("**CGU(s)**"), and in our case the ROU assets have been allocated to the Security Guarding and Property Management Services. Management made an estimate of the expected future cash flows from CGU(s) and chose a suitable discount rate in order to calculate the present value of those cash flow and reviewed the impairment of ROU assets whenever events or changes in circumstances indicate that the carrying amount may not be recovered. The recoverable amount for the CGUs has been determined based on value-in-use calculations estimated by the management with reference to the valuation performed by an independent firm of professional valuer.

An impairment loss on ROU Assets arose from the lease of approximately HK$12.8 million was recognised for the Year. The significant increase in impairment loss was due to (i) the lease was entered during the Year; and (ii) the unsatisfactory business performance and results for the Year as well as uncertain prospects under the outbreak of COVID-19, the Group provided such impairment based on a conservative estimate. As the Group is actively expanding its Security Guarding and Property Management Services in the PRC and exploring potential investment opportunities, in addition a stringent cost control is under implementation, it is believed that the results of CGUs would be improved. ROU Assets suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Further details of the impairment loss are set out in notes 4.12 (accounting policies) and 36 (credit risk) to the consolidated financial statements in this annual report.

Impairment loss on trade and other receivables, net

An impairment loss on trade and other receivables (net) of approximately HK$1.3 million was recognised for the Year compared with approximately HK$3.6 million for the year ended 31 March 2021.

In accordance with HKFRS 9, the Group makes allowances on items subject to expected credit losses ("**ECL**") (including trade and other receivables) based on assumptions about the risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation. An ECL assessment is performed at each reporting date using a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group also performs ECL assessment of whether a financial instrument's credit risk has increased significantly since initial recognition.

The Group has implemented a credit policy to monitor the performance of its customers by performing an ageing analysis and reviewing the past history of payments made and the customers' financial position.

Further details of the impairment loss are set out in notes 4.7 (accounting policies), 20 (movements and staging) and 36 (credit risk) to the consolidated financial statements in this annual report.

Impairment loss of goodwill

An impairment loss on goodwill of approximately HK$1.3 million was recognised for the Year.

The Group was of the opinion, based on the impairment assessment of the CGU(s) of the (i) provision of security guarding services in the PRC by Jingwudun, the goodwill allocated to Jingwudun is fully impaired by approximately HK$1.1 million for the Year (2021: nil) in respect of the carrying amount of the goodwill which arose from the acquisition of Jingwudun in 2019; and (ii) provision of asset management in the PRC by Guangzhou Huiyu Commercial Company Limited ("**GZ Huiyu**"), the goodwill allocated to GZ Huiyu is fully impaired by approximately HK$0.2 million (2021: nil) in respect of the carrying amount of the goodwill which arose from the acquisition of GZ Huiyu. The impairment was mainly due to unfavourable changes in the business and operation environment in the PRC due to the outbreak of COVID-19.

Finance costs

The Group's finance costs increased by approximately HK$0.8 million or 34.8% from approximately HK$2.3 million for the year ended 31 March 2021 to approximately HK$3.1 million for the Year. The increase in the finance costs was mainly due to (i) the absence of a one-off interest payable relax to the promissory note holder of HK$0.6 million that took place last year; and (ii) increase in finance charges on leased office premise of approximately HK$0.1 million.

Loss for the period

Loss attributable to owners of the Company for the Year amounted to approximately HK$35.5 million, as compared to approximately HK$17.0 million for the year ended 31 March 2021. The increase in the Group's loss for the Year was mainly due to (i) the decrease in gross profit; (ii) the decrease in other income; and (iii) the increase in impairment loss on ROU assets and goodwill as discussed above.

Income tax credit/(expense)

Income tax credit of approximately HK$8,000 was recognised for the Year in contrast to income tax expense of approximately HK$0.2 million for the year ended 31 March 2021 as a result of (i) a under-provision for Hong Kong profits tax in respect of prior years of approximately HK$129,000 that took place last year; and (ii) an over-provision for PRC Enterprise Income Tax in respect of prior years of approximately HK$20,000 was recognised for the Year.

Final dividend

The Board did not recommend the payment of final dividend for the Year (2021: nil).

Liquidity, financial resources and capital structure

The management reviews the capital structure regularly. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

As at 31 March 2022, the share capital and total equity attributable to owners of the Company amounted to approximately HK$29.1 million and HK$33.8 million respectively (2021: the share capital and capital deficiencies attributable to owners of the Company approximately HK$16.6 million and HK$3.3 million respectively). As at 31 March 2022, the cash at banks and in the hand of the Group amounted to approximately HK$70.0 million (31 March 2021: approximately HK$85.0 million). The Group has a promissory note which is payable to a former director of the Company. For details, please refer to note 23 to the consolidated financial statements. The Group did not carry out any interest rate hedging policy.

Treasury policy

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Charges over assets of the Group

As at 31 March 2021 and 2022, none of the Group's assets had been charged.

Gearing ratio

As at 31 March 2022, the gearing ratio of the Group was 109.4% (31 March 2021: (2,320.5)%). The gearing ratio is calculated based on the total debt divided by the total equity at the year-end date and multiplied by 100%. Total debt includes the promissory note payable, loan from related parties, amounts due to related parties and borrowings. As at 31 March 2022, the Group did not have any bank borrowings, bank overdrafts, obligations under finance leases and other borrowings (31 March 2021: nil).

Capital expenditure

The Group acquired property, plant and equipment and right-of-use assets amounted to approximately HK$22,172,000 from direct purchases for the year ended 31 March 2022, which mainly comprises of addition of right-of-use assets under leaseland and buildings (for the year ended 31 March 2021: approximately HK$1,639,000 from direct purchases of right-of-use assets under leaseland and buildings).

Capital commitments

As at 31 March 2022, the Group had no capital commitments (31 March 2021: nil).

Foreign exchange risk

The Group's business operations are primarily conducted in Hong Kong and PRC. The transactions, monetary assets and liabilities of the Group were mainly denominated in RMB and Hong Kong dollars. During the Year, there was no material impact on the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the Year (2021: nil).

Contingent liabilities

As at 31 March 2021 and 2022, the Group had no material contingent liabilities.

Significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and plans for material investments or capital assets

During the Year, the Company did not have any significant investment and had no material acquisition or disposal of subsidiaries or affiliated companies. As at 31 March 2022 the Company did not have any plans for material investments or capital assets.

Future plans for material investment or capital assets

Saved as disclosed under the section headed "Fund raising activity – 2020 Right Issue" and "Fund raising activity – share consolidation" in this annual report, the Group did not have other future plans for material investments or capital assets as at 31 March 2022.

Employees and remuneration policy

The Group had 1,347 employees as at 31 March 2022 (31 March 2021: 514 employees). The total staff costs (including Directors' remuneration) for the Year amounted to approximately HK$69.8 million (2021: approximately HK$59.9 million). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high-quality staff and enable smooth operations within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The Group's remuneration policy is revised periodically and determined by reference to market terms, company performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdiction where the employees are employed.

On 14 December 2018, 18 April 2019, 5 September 2019 and 11 October 2021, the Group granted the share options to the eligible participants including employees within the Group and certain Directors under the share option scheme adopted by the Company on 31 July 2014 (the "**Share Option Scheme**") to motivate and compensate their contributions to the Group. Details of the grant of the share options are set out in the Company's announcements dated 14 December 2018, 18 April 2019, 5 September 2019 and 11 October 2021 respectively. The movements in the share options granted under the Share Option Scheme during the Year are set out in the section headed "Share Option Scheme" in this annual report.

Training and development

Our security services are mainly divided into three parts: security guard services, event security services and VIP escort services. All of our security staff personnel obtain the Security Patrol Permit to ensure competence in providing security services for our clients. We value the experience and capability of our staff to elevate our service quality. Our on-the-job patrol monitoring system helps guide and assist employees in achieving optimal performances. Our goal is to supervise and ensure customers' needs are satisfied. Training plans are established for new and existing employees to connect them to our values and assist them in performing their roles. Our training purpose is also to foster a safe environment for all employees against sexual harassment and promote efficient internal communication between employees and management. We comply with the appropriate local laws and regulations in relation to the restrictions on the employment of children and forced labour. Our employees are properly vetted to ensure they are of proper working age.

Fund raising activity – 2020 Rights Issue

Net proceeds from the 2020 Rights Issue (after deducting the related expenses) amounted to approximately HK$19,835,000 and as at 1 April 2021, approximately HK$11.9 million of the net proceeds remained unused. During the Year, approximately HK$11.2 million of the net proceeds from the 2020 Right Issue has been used in accordance with the intended use of net proceeds as disclosed in the 2021/2022 interim report of the Company and the details are as follows:

	Planned use of net proceeds remained unused as at 1 April 2021 HK$'000	Actual use of net proceeds during the Year HK$'000	Unused amount of net proceeds as at 31 March 2022 HK$'000	Expected timeline for full utilisation of the remaining proceeds *(note 1)*
General working capital of the Group for the ten months after completion of 2020 Right Issue	5,777	5,777	–	
Repaying indebtedness and liabilities of the Group	340	340	–	
Payment for the construction of main campus of the vocational education centre	3,967	3,313	654	By end of 31 March 2023
Develop and strengthen the Group's Asset Management Services in the PRC and Hong Kong	254	254	–	
Payment of employee salaries and staff training costs for setting up and maintaining the investment research team for the investment funds	1,500	1,500	–	
	11,838	11,184	654	

Fund raising activity – Share Consolidation and connected transaction involving subscription of new shares under specific mandate

Reference is made to the Company's announcements dated 18 March 2021, 29 July 2021, 30 July 2021, 3 August 2021, 4 August 2021 and 5 August 2021 and the Company's circular dated 9 July 2021. The Company implemented the share consolidation on the basis that every five issued and unissued ordinary shares of par value of HK$0.01 each be consolidated into one consolidated ordinary share of par value of HK$0.05 each (the "**Share Consolidation**") prior to the Subscription. Pursuant to the terms and conditions of the Subscription Agreement 249,090,000 shares were issued and Walle Holding Limited (a company wholly-owned by Mr. Song Xiaoming) subscribed for new consolidated ordinary shares (the "**Subscription Share**") at a subscription price of HK$0.275 per Subscription Share (the "**Subscription**").

The proceeds from the Subscription were used to meet the funding requirement of expanding new opportunities in Shandong Province in the PRC for its security guarding services and identifying potential merger and acquisition targets for its asset management business, the Board is of the view that the capitalisation and full settlement of the shareholder loan in the sum of HK$68.5 million via the Subscription to be the most feasible and appropriate means to raise fund for the business expansion.

The Share Consolidation became effective on 2 August 2021 and the completion of the Subscription took place on 5 August 2021.

The gross proceeds and the net proceeds from the Subscription (after deducting professional fees and other related expenses) were approximately HK$68.5 million and HK$67.5 million respectively. The gross subscription price was HK$0.275 per Subscription Share, representing a discount of approximately 6.78% to the theoretical closing price of HK$0.295 per consolidated ordinary share (after taking into the account the effect of the Share Consolidation) based on the closing price of HK$0.059 per share as quoted on The Stock Exchange on 18 March 2021, being the date of the Subscription Agreement. The net subscription price was HK$0.271 per Subscription Share.

During the Year, the actual use of the net proceeds of the Subscription are as follows:

	Allocation in respect of the intended use of the net proceeds of Subscription HK$'000	**Actual use of net proceeds during the Year** HK$'000	**Unused amount of net proceeds as at 31 March 2022** HK$'000	**Expected timeline for full utilisation of the remaining proceeds** *(note 1)*
Payment for the construction of main campus of the vocational educational centre	29,700	–	29,700	By end of 31 March 2023
Investment funds funding	35,775	–	35,775	By end of 31 March 2023
Payment of employee salaries and staff training costs for setting up and maintaining the investment research team for the investment funds	2,025	–	2,025	By end of 31 March 2023
	67,500	–	67,500	

note 1: With the all-around impact of the outbreak of COVID-19 in the PRC, especially in the first half of 2022, the Group took into account its business needs and the hostile economic environment when it applied the proceeds from 2020 right issue and Subscription in 2021. After assessment, management decided to adjust the pace of the construction of campus vocational educational centre and the setting up of investment funds, resulting in the delay in the use of such proceeds. The Group expects to gradually apply the remaining proceeds from 2020 right issue and Subscription by end of 31 March 2023 in the manner in accordance with actual business needs.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining corporate governance of high standards and quality procedures. The Company believes that an effective corporate governance practice is fundamental to enhancing shareholders value and safeguarding the interests of shareholders and other stakeholders. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The code provision set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules have been adopted as the Company's corporate governance practices.

CORPORATE GOVERNANCE CODE

Compliance with the corporate governance code

The Company has adopted and complied with applicable code provision (the "**Code Provision(s)**") in the CG Code contained in Appendix 15 to the GEM Listing Rules during the Year except for Code Provision C.2.1. Code Provision C.2.1 stipulates that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of chief executive officer but the Company has appointed several staff at the subsidiary level for each business segment who were responsible for the oversight of each business segment's operation. The Directors will periodically review the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the CG Code from time to time.

Compliance with the required standard of dealings by Directors

The Company has adopted rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions. A specific enquiry has been made to all Directors and they have confirmed that they have complied with the required standard of dealings during the Year.

THE BOARD OF DIRECTORS

Role and function

The Board is responsible for leading and controlling the Company, overseeing as well as supervising the Group's business, approval of strategic plans and monitoring the Group's performance.

The Board delegates the day-to-day operations and administrative functions to the management, while reserving certain key matters for its approval.

Matters reserved by the Board

The Board reserves for its decision on major strategic and business matters, including the approval and monitoring of all policy matters, overall strategic and budgets, internal control and risk management system, material transactions (in particular those that may involve conflict interests), financial information, Board composition and remuneration, corporate governance matters and other significant financial and operational matters.

Composition

As at the date of this annual report, the Board is chaired by Mr. Song Xiaoming and comprises six members, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors. The list of Directors is set out in the section headed "DIRECTORS' REPORT" in this annual report. Biographical details of Directors are set out in the section headed "Biographics of Directors and Senior Management" in this annual report.

Nomination policy

The Company has adopted a nomination policy, which establishes written guidelines for the nomination committee of the Company (the "**Nomination Committee**") to identify individuals suitably qualified to become Board members and make recommendations to the Board to the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for the selection and appointment of new Directors. The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Dividend Policy

The Company has adopted a dividend policy in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

- the Group's financial results;
- the Group's cashflow, liquidity and capital requirements;
- the Group's debt to equity ratios and the debt level;
- the retained earnings and distributable reserves of the Group;
- the Group's shareholders' interest;
- the Group's current and future business operations, conditions, cycle and strategies;
- the general market conditions;
- the shareholders and investors' expectation and industry's norm;
- any restrictions on payment of dividends that may be imposed by the Group's lenders;
- statutory and regulatory restrictions;
- past dividend records; and
- any other factors the Board may deem relevant.

The Board has complete discretion on whether to pay a dividend and the form to pay, subject to any restrictions under the Companies Law of Cayman Islands and the Articles. Any final dividends declared by the Company must be approved by an ordinary resolution of the shareholders at an annual general meeting and must not exceed the amount recommended by the Board. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends. There is no assurance that dividends will be paid in any particular amount for any given period.

The Company shall review and reassess the Dividend Policy and its effectiveness from time to time. Any revision to the Dividend Policy shall be considered and approved by the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman of the Company is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role in setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda.

Under the CG Code provision C.2.1, the role of the chairman and chief executive officer should be separate and should not be performed by the same individual. After the resignation of Ms. Pang Xiaoli as the chief executive officer of the Company on 25 August 2020, the Company does not have any officer with the title of the chief executive officer but the Company has appointed several staff at the subsidiary level for each business segment, who was responsible for the oversight of the respective business segment's operations.

NON-EXECUTIVE DIRECTOR AND INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied at all times with rules 5.05(1) and (2), and 5.05A of the GEM Listing Rules of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with at least one of them possessing appropriate professional qualifications and accounting or related financial management expertise. The terms of the independent non-executive Director are also subject to retirement by rotation and re-election under the Articles.

The independent non-executive Directors are considered by the Board to be independent of the management and free of any relationship that materially interferes with the exercise of their independent judgements. The Board considered that each of the independent non-executive Directors bring his own relevant expertise to the Board and its deliberations. None of the independent non-executive Directors has any business or financial interests with the Group nor has any relationship with other Directors.

The Company has received annual confirmations of all independent non-executive Directors, in accordance with rule 5.09 of the GEM Listing Rules. The board has assessed their independence and conclude that all independent non-executive Directors are independent.

The non-executive Director has been appointed for an initial term of three years commencing on 17 March 2020. The term of the non-executive Director is also subject to retirement by rotation and re-election under the Articles.

APPOINTMENTS AND RE-ELECTIONS OF DIRECTORS

Each of the non-executive Director and independent non-executive Directors has entered into a service contract with the Company for an initial term of three years and thereafter shall continue anther three years subject to termination provisions therein, provisions on retirement by rotation and re-election of Directors are set out in the articles and association of the Company (the "**Articles**").

At each annual general meeting (the "**AGM**"), one-third of the Directors for the timing being (or if their number is not a multiple of three, then the number neared to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement. A retiring Director shall be eligible for re-election.

Any Director appointed by the Board to fill a casual vacancy shall hold the office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any director appointed by the Board as an addition to the existing for re-election.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Pursuant to the CG Code, every newly appointed director is provided formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure proper understanding of the business and operations of the Company and full awareness of the director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for directors will be arranged at the expense of the Company where necessary. During the Year, each of the Directors has participated in continuous professional development by attending seminars and/or studying materials relevant to the director's duties and responsibilities.

	Type of training	
Name of Director	**Reading and/or on-line training**	**Seminars and/or workshop**
Executive Directors		
Mr. Song Xiaoming	✓	–
Ms. Song Shiqing	✓	–
Mr. Hon Hoi Chuen *(Ceased on 12 July 2021)*	–	–
Ms. Lin Shuxian *(Resigned on 8 April 2022)*	✓	–
Non-executive Director		
Mr. Chung Man Lai	–	✓
Independent non-executive Director		
Mr. Li Zhongfei	✓	
Mr. Zhao Jinsong	✓	
Mr. Liu Chengwei *(Appointed on 10 September 2021)*		✓
Ms. Guan Yan *(Ceased on 12 July 2021)*	–	–

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged appropriate insurance coverage for all Directors in relation to the discharge of their responsibility.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions as set out in the Code Provision A.2.1 of the CG Code. During the Year, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the model code of Directors and the Company's compliance with the CG Code and the disclosure in this corporate governance report.

BOARD MEETINGS

Code Provision C.5.1 of the CG Code states that at least four regular Board meetings should be held each year at approximately quarterly intervals with active anticipation of a majority of directors, either in person or through other electronic means of communication.

Members of the Board met on a regular basis and on an ad hoc basis to discuss the overall strategy as well as the operation and financial performance of the Group. The management is committed to providing to the Board with appropriate and sufficient explanation and information of the Group's affair through financial reports and business and operational reports in a timely manner, enabling them to make informed decisions. The Directors are also provided access to the Group's management and the company secretary at all times to obtain relevant information for carrying out their duties as Directors.

There were four Board meetings held during the Year. Notice of at least 14 days should be given of a regular Board meeting to allow all Directors to attend. For all other Board meetings, reasonable notice should be given. Minutes of the Board and committee meetings are prepared and kept by the company secretary, and are open for inspection by Directors upon request. All Directors have access to the advice and services of the company secretary, and are allowed to ask for external professional advice if needed.

Details of the attendance of the Board meeting, the Company's audit committee (the "**Audit Committee**") meetings, the Company's remuneration committee (the "**Remuneration Committee**") meetings and Nomination Committee meetings and general meetings of the Company held during the Year are summarised as follows:

	Meetings attended/meetings eligible to attend				
	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	General meetings
Executive Directors					
Mr. Song Xiaoming	4/4	N/A	N/A	2/2	2/2
Ms. Song Shiqing	4/4	N/A	N/A	N/A	2/2
Mr. Hon Hoi Chuen *(Ceased on 12 July 2021)*	1/1	N/A	N/A	N/A	–/2
Ms. Lin Shuxian *(Resigned on 8 April 2022)*	4/4	N/A	N/A	N/A	2/2
Non-executive Directors					
Mr. Chung Man Lai	4/4	N/A	N/A	N/A	2/2
Independent non-executive Directors					
Mr. Li Zhongfei	4/4	4/4	2/2	2/2	2/2
Mr. Zhao Jinsong	4/4	4/4	2/2	2/2	2/2
Mr. Liu Chengwei *(Appointed on 10 September 2021)*	3/4	3/4	–	N/A	–
Ms. Guan Yan *(Ceased on 12 July 2021)*	1/1	1/4	1/1	N/A	–

Besides the above Board meeting, the chairman of the Board, Mr. Song Xiaoming held one Directors' meeting with all independent non-executive Directors without the presence of other Directors during the Year.

Apart from the said meeting, matters requiring Board approval were also arranged by means of circulation of written resolutions of all Board members.

BOARD COMMITTEES

The Board is entrusted with the duty to put in place a proper corporate governance structure for the Company. It is primarily responsible for setting directions, formulating strategies, monitoring performance and managing the risks of the Group. Under the Board, there are currently three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Audit Committee and Remuneration Committee perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management. The Nomination Committee assists the Board in nominating candidates for directorship, reviewing the size and composition and board diversity of the Board and making a recommendation to the Board on the appointment of directors. Each of the committees is established with defined written terms of reference which are available on the Company's website and The Stock Exchange website. All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Company established the Audit Committee with terms of reference adopted on 31 July 2014 with terms of reference aligned with the Code Provision as set out in Appendix 15 of the GEM Listing Rules. Details of the terms of reference of the Audit Committee are set out on the Company's website and the website of The Stock Exchange. As at the date of this annual report, the Audit Committee comprised three members, namely Mr. Zhao Jinsong (chairman), Mr. Li Zhongfei and Mr. Liu Chengwei. Each of the Audit Committee members has unrestricted access to the Group's external auditor and the management.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of an external auditor, to evaluate the overall effectiveness of the internal control and risk management frameworks, to review the accounting principles and practices adopted by the Group and other financial reporting matters and ensure the completeness, accuracy and fairness of the financial statements, to monitor compliance with statutory and listing requirements and to oversee the relationship with the external auditors.

During the Year, the Audit Committee held four meetings. The Audit Committee reviewed (i) the annual financial statements, results and report of the Group for the Year; (ii) the quarterly financial statements, results and report of the Group for the three months ended 30 June and 31 December 2021 respectively; (iii) the interim result and report of the Group for the nine months ended 30 September 2021; (iv) the significant issue on the financial reporting and compliance procedures, internal control and risk management and its effectiveness. The Audit Committee also held a meeting with the Company's external auditor, in the absence of management, to discuss matters relevant to the audit and no matter of significance arose from the meeting.

During the Year, the Board had no disagreement with the Audit Committee's view on the appointment of the external auditors. The consolidated financial statements for the Year and this annual report have been reviewed by the Audit Committee.

Remuneration Committee

The Company established the Remuneration Committee with terms of reference adopted on 31 July 2014 with terms of reference aligned with the Code Provision as set out in Appendix 15 of the GEM Listing Rules. Details of the terms of reference of the Remuneration Committee are set out on the Company's website and the website of The Stock Exchange. The primary duty of the Remuneration Committee is to make recommendations to the Board regarding the Group's policy and structure for remuneration of Directors and senior management and to determine the specific remuneration packages of Directors and senior management of the Company. As at the date of this annual report, the Remuneration Committee comprises three members, namely Mr. Li Zhongfei (chairman), Mr. Zhao Jinsong and Mr. Liu Chengwei.

Under the Group's remuneration policy, the remuneration of the Directors and senior management is determined with reference to their responsibilities, workloads, individual performance, the time devoted to the Group and the performance of the Group. The Remuneration Committee also ensures that no individual will be involved in determining his or her own remuneration.

During the Year, two Remuneration Committee meetings were held to make recommendations to the Board on the remuneration packages of individual Directors and newly appointed Director Mr. Liu Chengwei. Details of the Directors' remuneration for the Year were set out in note 32 to the consolidated financial statements. The Board is of the view that the Remuneration Committee had properly discharged its duties and responsibilities during the Year and up to the date of this annual report.

The remuneration for the Director comprises Directors' fees, salaries, allowances and benefits, equity-settled share options expenses and retirement scheme contributions. Salary adjustments are made where the Remuneration Committee takes into account the performance, contribution and responsibilities of the individual. Apart from basic salary, executive Directors and employees are eligible to receive a discretionary bonus taking into account factors such as market conditions as well as corporate and individual's performance during the Year.

Nomination Committee

The Company established the Nomination Committee with terms of reference adopted on 31 July 2014 with terms of reference aligned with the Code Provision as set out in Appendix 15 of the GEM Listing Rules. Details of the terms of reference of the Nomination Committee are set out on the Company's website and the website of The Stock Exchange. The primary function of the Nomination Committee is to make recommendations to the Board regarding the appointment of Directors and candidates to fill vacancies on the Board. As at the date of this annual report, the Nomination Committee comprises three members, namely Mr. Song Xiaoming (chairman), Mr. Li Zhongfei and Mr. Zhao Jinsong.

During the Year, two Nomination Committee Meetings are held to review the structure, size and composition (including the skills, knowledge and experience) of the Board, assess the independence of independent non-executive Directors and make recommendations to the Board on the appointment of new Directors and composition of the Board Committees.

In considering the nomination of new Directors, the Company has proposed the candidate to the Nomination Committee which reviewed and made a recommendation to the Board based on the expertise, skills and experience of the candidate appropriate to the requirements of the business of the Company. The composition of the Board has a significant element of diversity in terms of skills, regional and industry experience and background.

The Board is of the view that the Nomination Committee had properly discharged its duties and responsibilities during the Year and up to the date of this report.

The Company also has a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieving and maintaining diversity on the Board in order to enhance the effectiveness of the Board.

The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Board sets measurable objectives to implement the Board Diversity Policy and reviews such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. Selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business and specific needs including but not limited to the age, education background and working experience of candidates when selecting the new Director.

The Nomination Committee is responsible for reviewing the Board Diversity Policy, developing and reviewing measurable objectives for implementing the policy and monitoring the progress on achieving these measurable objectives. The Nomination Committee shall review this policy and the measurable objectives at least annually, and as appropriate, to ensure the continued effectiveness of the Board.

As at the date of this annual report, the Board consists of six male members and one female member, ageing from 30 to 60 years old. Based on the membership and composition of the Board, the Nomination Committee is of the view that the structure of the Board is reasonable, and the experience and skills of the Directors in various aspects and files can enable the Company to maintain a high standard of operation.

COMPANY SECRETARY

During the Year, Ms. Lam Yuen Ling Eva ("**Ms. Lam**") was the secretary of the Company (the "**Company Secretary**") up to 1 February 2022. Following the resignation of Ms. Lam, Ms. Li Yan was appointed as the Company Secretary on 1 February 2022. Ms. Li has confirmed that she undertook no less than 15 hours of relevant professional training during the Year in compliance with GEM Listing Rules. Her biographical details are set out in the section headed "BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT" in this annual report.

AUDITORS' REMUNERATION

BDO Limited has been appointed as the external auditor of the Company. During the Year, the fee paid/payable to the auditor in respect of audit service and non-audit services provided by the auditor to the Group were as follows:

	2022 **HK$'000**	2021 HK$'000
Audit services	**630**	630
Non-audit services	**–**	65
	630	695

Non-audit services for the year ended 31 March 2021 mainly consisted of the professional services in relation to the environmental, social and governance report.

RESPONSIBILITIES FOR FINANCIAL REPORTING

The Board acknowledged its responsibility for preparing the Group's financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and their responsibilities stated on a statement by the auditors in the auditors' report on the financial statements. In preparing the financial statements for the Year, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The statement of the external auditors of the Company regarding their reporting responsibilities on the financial statements of the Company is set out in the section "Independent Auditor's Report" of this report.

SENIOR MANAGEMENT REMUNERATION

The remuneration of the members of the senior management excluding Directors of the Group by the band for the Year and the year ended 31 March 2021 are set out as below:

	2022 **Number of individuals**	2021 Number of individuals
HK$2,000,001 to HK$3,000,000	**1**	1
HK$1,000,001 to HK$2,000,000	**1**	1
Nil to HK$1,000,000	**3**	3
	5	5

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness.

The Group has established guidelines and procedures for the approval and control of expenditures, to ensure the reliability of the financial reporting, effectiveness and efficiency of operation and compliance with applicable laws and regulations. Whist these guidelines and procedures are designed to identify and manage risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material misstatement, errors, losses, fraud and non-compliance.

The Board, through the Audit Committee, has reviewed effectiveness of both design and implementation of the risk management and internal control system of the Group for the Year, covering all material controls, including financial, operational and compliance controls. Such review will be made at least annually to monitor the adequacy and the effectiveness of the risk management and internal control system of the Group. In this respect, the Audit Committee communicates any material issue to the Board.

The Group has not established a standalone internal audit department. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal policies to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations; and (ii) the Group engaged an independent consultant to perform an internal review on certain scope covered major operational, financial and compliance controls, as well as risk management functions of different systems been performed on a systematic rotational basis on the risk assessment of the operations and controls. The internal audit review report is submitted to the Audit Committee for review. No major issues with the internal control systems have been identified during the Year.

The Group considers that the existing organisation structure and close supervision by management and the abovementioned engagement of the independent consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function by assessing the size, nature and complexity of the business of the Group from time to time and may set up an internal audit team if the need arises.

Inside information policy

With respect to the monitoring and disclosure of inside information, the Group has adopted a policy on disclosure of inside information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company uses two-way communication channels to account to shareholders and investors for the performance of the Company. In order to maintain good and effective communication, the Company together with the Board extend their invitation to all shareholders and encourage them to attend the forthcoming AGM and all future general meetings at which Directors are available to answer questions on the business. Extensive information about the Group's activities is provided in its annual report, interim report and quarterly reports which are sent to shareholders and investors. The Company's announcements, press releases and publications are published and available on the GEM website and on the Company's website at www.kingforce.com.hk.

Separate resolutions will be proposed at the general meetings for substantial separate issues, including the re-election of retiring Directors. The Company's notice to the shareholders of the Company for the AGM will be sent to shareholders at least 20 clear business days before the meeting and notices of all other general meetings will be sent to the shareholders at least 10 clear business days before the meetings.

The 2022 AGM of the Company will be held on 16 September 2022, the notice of which shall be sent to the Company's shareholders in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the CG Code.

Convening of general meetings by shareholders

Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting (the "**EGM**").

EGMs shall also be convened on the requisition of 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 having the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward proposals at general meetings

Shareholders can also send enquiries and proposals to be put forward at general meetings for shareholders' consideration to the Board or Company Secretary by mail to the headquarters of the Company at Room 2008, 20/F., West Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong.

Procedures for shareholders nomination of Directors

Pursuant to article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company. The period for lodgement of the notices required under the Articles will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Shareholders' enquiries

For matters in relation to the Board, all enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

For share registration related matters, such as share transfer and registration, change of name or address, loss of share certificate or dividends warrant, the registered shareholders of the Company can contact the branch registrar and transfers in Hong Kong.

CONSTITUTIONAL DOCUMENTS

There has been no significant change in the Company's constitutional documents during the Year.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

As at the date of this annual report, the biographies of Directors and senior management are set out as below:

EXECUTIVE DIRECTORS

Mr. Song Xiaoming ("**Mr. Song**"), aged 48, was appointed as an executive Director on 6 August 2019. He is also the chairman of the Board and controlling shareholder of the Company and the chairman of Nomination Committee of the Company. Mr. Song is the founder of Shenzhen Great Walle Capital Management Co., Ltd.*（深圳長城匯理資產管理有限公司）, a company incorporated in May 2013 and principally engaged in the provision of asset management service. In 2015 it became a subsidiary of Shenzhen Great Walle Investment Corp., Ltd. *（深圳長城匯理投資股份有限公司）("**Great Walle Investment**"), one of the controlling shareholders of the Company. Since June 2015, Mr. Song has become the director of Walle Holding Limited, one of the controlling shareholders of the Company. He has been the chief executive officer of Shenzhen Great Walle Capital Management Co., Ltd. since May 2013 and the president of Great Walle Investment since July 2015.

Mr. Song graduated from Sun Yat-sen University with a bachelor degree in economics in June 1997 and obtained an executive master of business administration degree from Tsinghua University, the PRC in January 2014. In June 2021, he obtained an executive master of business administration degree from Singapore Management University.

Mr. Song is the elder brother of Ms. Song, an executive Director.

Ms. Song Shiqing ("**Ms. Song**"), aged 32, was appointed as an executive Director, the compliance officer and an authorised representative of the Company on 25 August 2020. She joined Great Walle Investment, one of the controlling shareholders of the Company in July 2015 and holds the position of supervisor at Great Walle Investment since. Currently she is the director of certain subsidiaries of the Company. Ms. Song was a director of Star Lake Bioscience Co., Inc. Zhaoqing Guangdong (the shares of which are listed on the Shanghai Stock Exchange, stock code: 600866) from August 2020 to September 2021. She was an editor for CCTV-2 (Business Channel) from May 2012 to July 2014. Ms. Song obtained a master degree of business administration from Sun Yat-sen University in 2019.

Ms. Song is the younger sister of Mr. Song.

Mr. Lyu Xingyuan ("**Mr. Lyu**"), aged 32, was appointed as an executive Director on 27 April 2022. He joint the Company in November 2020 as the vice president of investment. Mr. Lyu has experience in investment fund management and the finance industry, with a track record in research and portfolio management, initial public offer, corporate actions including merger and acquisition transactions, asset restructure and issuance of corporate bonds in the People's Republic of China. Before joining the Group, Mr. Lyu worked in China Great Wall Securities Co., Ltd. (SHE: 2939) as a senior manager in the investment banking division from 2015 to November 2020.

Mr Lyu graduated with a master of science in the management of projects at the University of Manchester in November 2014 and obtained a bachelor of science in mathematics with economics from the University College London in August 2013 respectively.

* For identification purpose only

NON-EXECUTIVE DIRECTOR

Mr. Chung Man Lai (“**Mr. Chung**”), aged 45, was appointed as a non-executive Director on 17 March 2020. He has over 21 years of experience in auditing and accounting. Prior to joining the Company, he worked in a reputable international accounting firm and was the chief financial officers of CMIC Ocean En-Tech Holding Co., Ltd. (formerly known as TSC Group Holdings Limited (Stock code: 206))（華商國際海洋能源科技控股有限公司）and IDT International Limited (Stock code: 167)（萬威國際有限公司*), both are companies listed on the Main Board of The Stock Exchange. Mr. Chung was re-designated as an executive director of Aurum Pacific (China) Group Limited (the shares of which are listed on GEM of The Stock Exchange, Stock code: 8148) from the position of independent non-executive director with effect from 15 September 2020. Mr. Chung is currently the chief financial officer, company secretary, member of the risk management committee and authorised representative of D&G Technology Holding Company Limited (the shares of which are listed on the Main Board of The Stock Exchange, Stock code: 1301). He is also the independent non-executive director of Century Group International Holdings Limited（世紀集團國際控股有限公司）(the shares of which are listed on the Main Board of The Stock Exchange, Stock code: 2113) and Roma Group Limited（羅馬集團有限公司*) (the shares of which are listed on GEM of The Stock Exchange, Stock Code: 8072).

Mr. Chung obtained a bachelor of arts degree in accountancy from The Hong Kong Polytechnic University in November 1998 and a master of business administration degree with a major in international business from EU Business School in December 2018. Mr. Chung is a fellow member of the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Zhongfei (“**Mr. Li**”), aged 58, was appointed as an independent non-executive Director on 12 July 2018. He is also the chairman of the Remuneration Committee of the Company and a member of the Audit Committee and Nomination Committee of the Company. He is currently a chair professor of Department of Finance of College of Business of Southern University of Science and Technology and director of the Center for Financial Engineering and Risk Management of Sun Yat-sen University in the PRC.

Mr. Li obtained a bachelor of science from Lanzhou University in the PRC in July 1985, and then a master of science from Inner Mongolia University in the PRC in June 1990. He further obtained a Ph.D. in Management from the Academy of Mathematics and Systems Science of the Chinese Academy of Science in the PRC in August 2000.

Mr. Zhao Jinsong (“**Mr. Zhao**”), aged 46, was appointed as an independent non-executive Director on 12 July 2018. He is also the chairman of the Audit Committee of the Company and a member of the Nomination Committee and Remuneration Committee of the Company. He worked in 中華人民共和國審計署駐深圳特派員辦事處 (Shenzhen Branch, National Audit Office of the People’s Republic of China*) from July 2000 to June 2017, and his last position was the Commissioner of that office.

Mr. Zhao obtained a bachelor’s degree in International Finance from Sun Yat-sen University in the PRC in June 1997. He further obtained a master of Finance degree from Sun Yat-sen University in the PRC in June 2000. Mr. Zhao was accredited as a member of The Association of Chartered Certified Accountants in November 2006, a fellow member of The Association of Chartered Certified Accountants in April 2012 and was granted the designation of Financial Risk Manager from the Global Association of Risk Professionals in March 2017.

* *For identification purpose only*

Mr. Liu Chengwei (“**Mr. Liu**”), aged 44, was appointed as an independent non-executive Director on 10 September 2021, he is also a member of Nomination Committee and Remuneration Committee. Mr Liu, is a professor, doctoral supervisor and deputy dean at the College of Comparative Law of China University of Political Science and Law. Mr. Liu obtained a bachelor of law degree from Hunan University in July 1999 and a master of law degree from Northwest University of Political Science and Law in June 2002, and then subsequently obtained a doctorate of law degree from the Institute of Law of Chinese Academy of Social Sciences in June 2005.

SENIOR MANAGEMENT

Ms. Li Yan (“**Ms. Li**”), aged 38, is the company secretary of the Company. Ms. Li joined the Group in November 2021 and was appointed as the Company Secretary on 1 February 2022. She holds a bachelor’s degree in Accountancy from Macquarie University. Ms. Li is also a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, Ms. Li had worked for an international accounting firm and as an internal auditor, financial controller and company secretary for a number of listed companies in Hong Kong with over 10 years of experience in accounting, auditing, finance and company secretarial matters.

REPORT OF THE DIRECTORS

The Board is pleased to present the annual report together with the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company and its subsidiaries are set out in notes 1 and 30 to the consolidated financial statements respectively.

BUSINESS REVIEW

The business review of the Group for the Year and discussion on the Group's future business development are set out in the section headed "CHAIRMAN'S STATEMENT" and "MANAGEMENT DISCUSSION AND ANALYSIS" on page 4 and pages 5 to 14 respectively in this annual report. The description of key risks and uncertainties facing the Group and financial risk management and fair value measurement are set out in this Directors' Report on pages 29 to 45 in this annual report and note 36 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Group as at 31 March 2022 are set forth in the consolidated financial statements on pages 50 to 55 of this annual report.

The Board does not recommend the payment of a final dividend for the Year (2021: nil).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years are set out on page 126.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group realises the importance of environmental protection in pursuing long-term sustainability. The Group is committed to improving environmental sustainability and will closely monitor its performance. In accordance with Appendix 20 to the GEM Listing Rules, the Company's environmental, social and governance report will be available on its website at the same time of publication of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

Employees

The Group has maintained a good relationship with employees. In addition, the Group offers employees competitive salaries, bonuses and other cash subsidiaries. In general, the Group determines employees' salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of employees, which forms the basis of the decisions with respect to salary increments, bonuses and promotions.

Customers

The Group has established stable relationship with its customers, especially in the PRC. The Group's clients ranged from property management companies, warehouses, operators, retailers and schools. The Group also maintains a database of customers that facilitates contact with them and is dedicated to providing quality security guarding services to them. The Group invites comments from its customers on the services it provided and follows up on their comments seriously and proactively. The Directors believe that quality of services is the key to retaining its customers and stable and continuous relationships have contributed to the success of the Group with a solid recurrent income base.

Suppliers

The Group's business nature is a service-oriented industry, apart from individual persons as security guards, the Group carefully evaluates the performance of individuals. The Group also stays connected with its suppliers and has ongoing communication with its suppliers through various channels such as telephone, electronic mail and physical meetings to obtain their feedback and suggestions.

PROPERTY, PLANT AND EQUIPMENT

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

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The following are the key risks and uncertainties identified by the Group.

Uncertain external factors

Most of the Group's operations are located in the PRC and uncertain external factors including the possible downturn in the economy in the PRC and lockdown measures in relation to the pandemic of COVID-19 may materially and adversely affect the Group's performance. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Manpower and retention risk

Security guarding and property management is a labour-intensive industry, and labour turnover in this industry is relatively high, especially under the pandemic of COVID-19 in the PRC causes interruption of supplies of labour. The management policy to mitigate this risk is to diversify the Group's businesses e.g. expanding its Security Guarding and Property Management Services in different provinces and customers with various backgrounds.

Furthermore, asset management in the PRC is a highly competitive industry, the Group may face the risk of not being able to attract and retain personnel and talents with appropriate and required skills, experience and competence. Management will closely monitor the manpower turnover rate and design effective measure pertaining to human resources. More incentive scheme or attractive remuneration package will also be considered where necessary.

CHARITABLE DONATIONS

During the Year, there were no charitable and other donations made by the Group (2021: nil).

EMOLUMENTS POLICY FOR DIRECTORS

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Director of the Group. The remuneration of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

SHARE CAPITAL AND SHARE PREMIUM

The Company's total issued share capital as at 31 March 2022 was 581,442,248 ordinary shares of the Company (the "**Shares**") of HK$0.01 each.

Details of share consolidation during the Year are set out in the "MANAGEMENT DISCUSSION AND ANALYSIS" section headed "Fund raising activity – Share Consolidation and connected transaction involving subscription of new shares under specific mandate" on page 13.

Details of movements of the share capital and the share premium of the Company during the Year are set out in the notes 26 and 27 to the consolidated financial statements, respectively.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Share Option Scheme" and "Connected Transaction" of this report, no equity-linked agreement was entered into by the Company during the Year.

DIVIDEND

The Board did not recommend payment of final dividend to shareholders of the Company for the Year (2021: nil).

PERMITTED INDEMNITY CLAUSE

The Company has arranged for appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising from corporate activities. Such permitted indemnity provision has been in force throughout the Year and at the time of approval of this annual report.

Pursuant to the Articles, every Director shall be entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save for the disclosed under the sections headed "Related Party Transactions" and "Connected/Continuing Connected Transactions" below and the related party transactions disclosed in note 34 to the consolidated financial statements, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest directly or indirectly subsisted at the end of the Year or at any time during the Year and no contract of significance has been entered into during the Year between the Company or any of its subsidiaries and the controlling shareholders or any its subsidiaries.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into during the Year.

DIRECTORS

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

Executive Directors

Mr. Song Xiaoming *(Chairman)*
Ms. Song Shiqing
Mr. Lyu Xingyuan *(Appointed on 27 April 2022)*
Mr. Hon Hoi Chuen *(Ceased on 12 July 2021)*
Ms. Lin Shuxian *(Resigned on 8 April 2022)*

Non-executive Director

Mr. Chung Man Lai

Independent Non-executive Directors

Mr. Li Zhongfei
Mr. Zhao Jinsong
Mr. Liu Chengwei *(Appointed on 10 September 2021)*
Ms. Guan Yan *(Ceased on 12 July 2021)*

The biographical details of existing Directors are set out in the section headed "BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT" in this annual report.

Information regarding Directors' emoluments is set out in note 32 to the consolidated financial statements.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors of the Group. The remuneration of the Directors is determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the Year are set out in note 32 to the consolidated financial statements.

Four executive Directors, namely Mr. Song Xiaoming, Ms. Song Shiqing, Ms. Lin Shuxian and Mr. Hon Hoi Chuen (and up to the day of Ms. Lin Shuxian and Mr. Hon Hoi Chuen resigned as executive Directors) have waived their remuneration of HK$39,000, HK$39,000, HK$39,000 and HK$3,000 since 23 June 2021 respectively. Except for the above, there was no arrangement under which a Director waived or agreed to waive any remuneration during the Year (2021: nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient level of public float for its Shares as required under the GEM Listing Rules during the Year and up to the date of this annual report.

RESERVES

Details of movements of reserves of the Group are set out in the consolidated statement of changes in equity on page 53.

As at 31 March 2022, the reserves of the Company available for distribution, as calculated under the provisions of Cayman Islands' legislation, were approximately HK$0.4 million (2021: capital deficiencies of approximately HK$21.7 million).

DIRECTORS' SERVICE CONTRACTS

Each of the existing executive Directors has entered into a service contract with the Company for the Year. Each of the existing non-executive Director and independent non-executive Directors has entered into a service contract with the Company for a term of three years unless terminated by not less than three months' notice in writing served by either party on the other.

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

Each of the executive Directors shall also be entitled to a discretionary bonus to be determined by the Board based on, among other things, the performance of the individual directors and the overall financial position of the Group, and is subject to the recommendation of the Remuneration Committee.

RELATED PARTY TRANSACTION

Save as disclosed in this annual report, the Directors consider that those related party transactions disclosed in note 34 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" (as the case may be) in Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirement under the GEM Listing Rules. The Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONNECTED/CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions

深圳玖立投資諮詢有限公司 (Shenzhen Jiuli Investment Advisory Co., Ltd.*) ("**Shenzhen Jiuli**"), a wholly-owned subsidiary of the Company, entered into an advisory service agreement for a term of three years commencing from 6 November 2018 to 5 November 2021 with 深圳長城匯理資產管理有限公司 (Shenzhen Great Walle Capital Management Co., Ltd.*) ("**Great Walle Capital Management**"), pursuant to which Shenzhen Jiuli shall provide business advisory and management services to Great Walle Capital Management in relation to its private equity fund manager business (the "**Advisory Service Agreement**"). Taking this opportunity, the Group was able to enter the business advisory and consultation industry, as well as realise its long-term development strategy of business diversification and benefit from the rapid growth of the Chinese financial industry, so as to create value for the shareholders.

Great Walle Investment is the indirect controlling shareholder of the Company, which held indirectly approximately 56.18% of the number of Shares as at the date of the Advisory Service Agreement. Therefore, Great Walle Investment is a connected person to the Company. As Great Walle Capital Management is a wholly-owned subsidiary of Great Walle Investment, Great Walle Capital Management is also a connected person of the Company. As a result, the transactions contemplated under the Advisory Service Agreement constitute continuing connected transactions on the part of the Company under Chapter 20 of the GEM Listing Rules.

Advisory service commenced from 6 November 2018 for a term of three years. Shenzhen Jiuli shall charge a fixed advisory service fee of RMB127,700 from Great Walle Capital Management on a monthly basis, as well as a variable service fee determined upon the possible variable performance fee to be charged by Great Walle Capital Management as the private equity fund manager for Great Walle Strategic Merger and Acquisition Fund No.9*（長城匯理戰略併購九號基金）, and such performance fee to be received by Great Walle Capital Management shall be calculated based on the increment of the net value of the fund upon its liquidation as compared to that on the inception date.

It is expected that the aggregated annual caps pursuant to the Advisory Service Agreement shall be approximately HK$8,040,770, HK$9,060,023, and HK$7,474,519 for each of the three years ending 5 November 2021. During the Year, the income received from the services provided by Shenzhen Jiuli pursuant to the Advisory Service Agreement amounted to HK$1.2 million which is within the aggregated annual cap of approximately HK$7.5 million for the Year. Details of the transactions are set out in note 34 to the consolidated financial statements. The Advisory Service Agreement expired on 5 November 2021 without renewal.

The independent non-executive directors of the Company have reviewed the transactions and confirmed that they had been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transaction set out above in accordance with Rule 20.54 of the GEM Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

* *For identification purpose only*

The Company's auditor has reported to the Board and confirmed that for the Year (i) nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board; (ii) for transactions involving the provision of business advisory and management services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group; (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transaction; and (iv) nothing has come to their attention that causes them to believe that the continuing connected transaction as disclosed in note 34 to the consolidated financial statements have exceeds the annual cap as disclosed in the Company's announcement dated 6 November 2018.

Connected transaction

On 18 March 2021, the Company entered in to the subscription agreement with Walle Holding Limited, a company wholly-owned by Mr. Song, the executive Director, chairman of the Board and the controlling shareholder of the Company, pursuant to the terms and conditions of the subscription agreement, the Company issued 249,090,909 new consolidated shares at the subscription price of HK$0.275 per Subscription Share to Walle Holding Limited.

The total amount payable by Walle Holding Limited to the Company under the subscription agreement was satisfied by the capitalisation and full settlement of the shareholder's loan provided by Greatwalle Holding Limited, a company controlled by Mr. Song. To the Company from time to time under the revolving loan facility in the sum of HK$68.5 million. The Subscription was subject to reporting, announcement, circular (including independent financial advice) and independent shareholders' approval requirement under Rule 20.74(2) of the GEM Listing Rules, and the completion of the Subscription took place on 5 August 2021.

The proceeds from the Subscription were used to meet the funding requirement of expanding new opportunities in Shandong Province in the PRC for its security guarding services and identifying potential merger and acquisition targets for its asset management business, the Board is of the view that the capitalisation and full settlement of the shareholder loan in the sum of HK$68.5 million via the Subscription to be the most feasible and appropriate means to raise fund for the business expansion. Disclosure of the use of proceeds from the Subscription is made in the section headed "Management Discussion and Analysis – Fund raising activity – Share Consolidation and connected transaction involving subscription of new shares under specific mandate" in this annual report.

For details, please refer to the Company's announcements dated 18 March 2021, 29 July 2021, 30 July 2021, 3 August 2021, 4 August 2021 and 5 August 2021 and the Company's circular dated 9 July 2021.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries during the Year are set out in note 30 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 31 July 2014 which will remain in force for a period of 10 years from the effective date of the Share Option Scheme, and the remaining life of the Share Option Scheme is approximately two years and one month. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or reward them for their contribution. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or services provider of the Group, options to subscribe at a price calculated in accordance with the basis below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group. The principal terms of the Share Option Scheme are summarised in the section headed "Share Option Scheme" in Appendix V to the prospectus of the Company dated 13 August 2014.

The latest refreshment of the 10% scheme limit on the number of Shares which may be allotted and issued upon the exercise of the options to be granted under the Share Option Scheme was approved by the shareholders in the extraordinary general meeting of the Company held on 29 July 2021.

As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme, including the outstanding share options, is 45,883,329 Shares, representing approximately 7.9% of the issued Shares of the Company as at the date of this annual report.

The maximum entitlement of each participant under the Share Option Scheme shall not exceed 1% of the Shares in issue and an offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine, which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

On 11 October 2021, the Company granted 33,235,133 share options to individuals (the "Grantees") subject to acceptance of the Grantees, under the Share Option Scheme. The share options shall entitle the Grantees to subscribe for a total of 33,235,133 new shares of HK$0.05 each in the share capital of the Company.

The details of the Share Option Scheme and the movements of the share options under the Share Option Scheme during the Year are set out as follows:

					Number of share options *(Note 2)*						
Name or category of grantees	**Exercise price during 1 April 2021 to 1 August 2021** (HK$)	**Exercise price per share on or after 2 August 2021** (HK$)	**Date of grant**	**Exercisable period** *(Note 1)*	**Balance as at 1 April 2021**	**Granted during the Year**	**Exercised during the Year**	**Lapsed during the Year**	**Cancelled during the Year**	**Adjusted on 2 August 2021** *(Note 2)*	**Balance as at 31 March 2021**
Directors											
Ms. Lin	0.234	1.170	14 December 2018	14 December 2018 to 13 December 2028	9,328,944	–	–	–	–	(7,463,156)	1,865,788
	0.089	0.445	18 April 2019	18 April 2019 to 17 April 2029	3,342,335	–	–	–	–	(2,673,866)	668,467
Mr. Li Zhongfei	0.234	1.170	14 December 2018	14 December 2018 to 13 December 2028	932,894	–	–	–	–	(2,673,866)	186,578
	0.089	0.445	18 April 2019	18 April 2019 to 17 April 2029	8,5,974	–	–	–	–	(68,780)	17,194
Mr. Zhao Jinsong	0.234	1.170	14 December 2018	14 December 2018 to 13 December 2028	932,894	–	–	–	–	(2,673,866)	186,578
	0.089	0.445	18 April 2019	18 April 2019 to 17 April 2029	8,5,974	–	–	–	–	(68,780)	17,194
Former Directors											
Ms. Guan Yan	0.234	1.170	14 December 2018	14 December 2018 to 13 December 2028	932,894	–	–	–	–	(2,673,866)	186,578
	0.089	0.445	18 April 2019	18 April 2019 to 17 April 2029	8,5,974	–	–	–	–	(68,780)	17,194
Ms. Pang Xiaoli	0.089	0.445	18 April 2019	18 April 2019 to 17 April 2029	2,053,265	–	–	–	–	(1,642,612)	410,653
Mr. Li Mingming	0.234	1.170	14 December 2018	14 December 2018 to 13 December 2028	9,328,944	–	–	–	–	(7,463,156)	1,865,788
Mr. Hon Hoi Chuen	0.234	1.170	14 December 2018	14 December 2018 to 13 December 2028	9,328,944	–	–	–	–	(7,463,156)	1,865,788
	0.089	0.445	18 April 2019	18 April 2019 to 17 April 2029	3,342,335	–	–	–	–	(2,673,866)	668,467
Employees of the Group											
In aggregate	0.234	1.170	14 December 2018	14 December 2018 to 13 December 2028	9,328,944	–	–	–	–	(7,463,156)	1,865,788
	0.089	0.445	18 April 2019	18 April 2019 to 17 April 2029	13,140,708	–	–	–	–	(11,364,567)	2,826,141
	0.144	0.720	5 September 2019	5 September 2019 to 4 September 2021	74,977,156	–	–	(14,955,427)	–	(59,981,729)	–
	–	0.2242	11 October 2021	11 October 2021 to 10 October 2026	–	33,235,133	–	–	–	–	33,235,133
Total					**138,218,179**	**33,235,133**	**–**	**(14,995,427)**	**–**	**(110,574,556)**	**45,883,329**

Notes:

1. all the share options granted have no vesting period or vesting condition.

2. Adjustment on the exercise price and number of the outstanding share options were made upon the completion of share consolidation on 2 August 2021. For details, please refer to the Company's announcement dated 3 August 2021 and 4 August 2021.

Save as disclosed above, no other share options were granted, exercised, cancelled or lapsed during the Year.

The fair value of share options granted is recognised as employee cost with a corresponding increase in share option reserve with equity over the relevant vesting periods.

The Group recognised an expense of approximately HK$2,390,000 for the Year in relation to 33,235,133 share options granted by the Company on 11 October 2021.

The fair value of share options granted on 11 October 2021 was HK$2,390,000, which was calculated using the binomial option pricing model (the "Model") with the following input:

Date of Grant:	11 October 2021
Closing price of the Shares on the date of grant:	HK$0.201
Exercise price:	HK$0.2242
Expected volatility:	107%
Expected life of option:	5 years
Expected dividend yield:	0%
Risk free rate:	0.78%

The model is one of the commonly used models to estimate the fair value of an option. The variables and assumptions used in computing the fair value of the shar options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of an option.

After vesting, when the share options are forfeited before expiry or expire, the amount previously recognised in share options reserve will be transferred to retained profits.

* *For identification purpose only*

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

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

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to Rule 5.46 to 5.68 of the GEM Listing Rules (the "Required Standard of Dealings"), were as follows:

Long position in the Shares and underlying Shares of the Company

Name of Directors	Capacity/Nature of interests	Number of ordinary Shares held/ interested in	Number of underlying Shares held/ interested in pursuant to share options	Approximate percentage of the total number of issued Shares of the Company
Mr. Song Xiaoming ("**Mr. Song**")	Interests in a controlled corporation	433,555,955(L) *(Note 1)*	–	74.57%
Lin Shuxian ("**Ms. Lin**")	Beneficial owner	–	2,534,255(L) *(Note 2)*	0.44%
Li Zhongfei	Beneficial owner	–	203,772(L) *(Note 2)*	0.04%
Zhao Jinsong	Beneficial owner	–	203,772(L) *(Note 2)*	0.04%

(L) represents a long position in the Shares

Notes:

1. According to information available to the Company:

   (a) 184,465,046 Shares are held by Greatwalle Holding Limited in the capacity of beneficial owner.

   (b) Greawalle Holding Limited is wholly-owned by 廣州南沙區匯銘投資業務有限公司(Guangzhou Nansha Huiming Investment Business Company Limited*) ("Nansha Huiming").

   (c) Nansha Huiming is held as to 99.99% by 深圳匯理九號投資咨詢企業（有限合夥）(Shenzhen Huili Jiu Hao Investment Consulting Enterprise Limited Partnership*) ("Huili Jiu Hao Investment") and as to 0.0008% by Mr. Song.

   (d) Huili Jiu Hao Investment is held as to 99.99% by 深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd") ("Great Walle Investment").

   (e) Great Walle Investment is ultimately controlled by Mr. Song (as to approximately 68.9039% directly and as to approximately 21.9995% indirectly through a wholly-owned company, 深圳弘德商務有限公司 (Shenzhen HongDe Commercial Services Corporation Limited*)).

   (f) As such, each of Nansha Huiming, Huili Jiu Hao Investment, Great Walle Investment and Mr. Song is deemed to be interested in 184,465,046 Shares held by Greatwalle Holding Limited under the SFO.

   (g) 249,090,909 Shares are held by Walle Holding Limited in the capacity of beneficial owner. Walle Holding Limited is wholly-owned by Mr. Song. As such, Mr. Song is deemed to be interested in 249,090,909 Shares held by Walle Holding Limited under SFO.

2. These long positions represent in the share options granted by the Company under the Share Option Scheme. For details, please refer to the section headed "SHARE OPTION SCHEME" in this annual report.

Long positions in the interest in the associated corporations

Name of Directors	Name of the associated corporation	Capacity/nature	Number of shares, underlying shares held/interested	Approximate percentage of total number of Issued shares of the Associated Corporations
Mr. Song	Greatwalle Holding Limited	Interest in a controlled corporation	1,000,000	100.0000%
	Nansha Huiming	Beneficial owner	1,000	0.0008%
		Interest in a controlled corporation	110,000,000	91.9992%
	Huili Jiu Hao	Interest in a controlled corporation	990,000 *(Note)*	99.0000%
	Great Walle Investment	Beneficial owner	3,828,902	68.9039%
		Interest in a controlled corporation	1,222,486	21.9995%
Ms. Lin	Great Walle Investment	Beneficial owner	1,111	0.0200%

Note: The associated corporation is a limited partnership with no share description or shares. The total number of shares represented the amount of capital contributed.

Save as disclosed above, as at 31 March 2022, none of the Directors or chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS WHO ARE REQUIRED TO DISCLOSE THEIR INTERESTS IN SECURITIES OF THE COMPANY

As at 31 March 2022, persons (other than a director or chief executive of the Company) who had or were deemed to have interests or short positions in the Shares and underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept under section 336 of the SFO, or who were directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of substantial shareholders	Capacity/Nature of interests	Number of Shares held/ interested in	Approximate percentage of the total number of issued Shares of the Company
Greatwalle Holding Limited	Beneficial owner	184,465,046(L)	31.73%
Nansha Huiming	Interest of corporation controlled by substantial shareholder *(Note)*	184,465,046(L)	31.73%
Huili Jiu Hao	Interest of corporation controlled by substantial shareholder *(Note)*	184,465,046(L)	31.73%
Great Walle Investment	Interest of corporation controlled by substantial shareholder *(Note)*	184,465,046(L)	31.73%
Walle Holding Limited	Beneficial owner	249,090,909(L)	42.84%

(L) represents a long position in the Shares

Note: According to information available to the Company:

(a) 184,465,046 Shares are held by Greatwalle Holding Limited in the capacity of beneficial owner.

(b) Greatwalle Holding Limited is wholly-owned by Nansha Huiming.

(c) Nansha Huiming is held as to approximately 91.9992% by Huili Jiu Hao Investment, and so as to 0.0008% by Mr. Song.

(d) Huili Jiu Hao Investment is held as to 99.99% by Great Walle Investment.

(e) As such, each of Nansha Huiming, Huili Jiu Hao Investment and Great Walle Investment is deemed to be interested in 184,465,046 Shares held by Greatwalle Holding Limited under SFO.

Save as disclosed above, as at 31 March 2022, the Company had not been notified of other interests or short positions of substantial shareholders or any other person (other than the Directors, and chief executives of the Company) 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 would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the Group's five largest customers accounted for approximately 84% (2021: approximately 81.0%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 59% (2021: approximately 45.0%) of the total revenue.

During the Year, the Group's five largest suppliers accounted for approximately 20% (2021: approximately 24.0%) and the largest supplier of the Group accounted for approximately 7% (2021: approximately 6.0%) of the total cost of service rendered.

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the section headed "SHARE OPTION SCHEME" disclosed above, at no time during the Year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

INTERESTS IN COMPETING BUSINESS

During the year ended 31 March 2021, none of the Directors or the controlling shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) was considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

AUDITORS

The consolidated financial statements of the Company for the Year have been audited by BDO Limited, who will retire and, being eligible, offer itself for re-appointment at the forthcoming AGM of the Company. A resolution for re-appointment of BDO Limited is to be proposed at the forthcoming AGM. There has been no change in the auditor of the Company since the date of its listing.

AUDIT COMMITTEE

Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the Audit Committee with written terms of reference aligned with the provisions of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises Mr. Zhao Jinsong (chairman of the Audit Committee), Mr. Li Zhongfei and Mr. Liu Chengwei all of which are independent non-executive Directors.

The Audit Committee had reviewed the audited annual result of the Group for the Year, and was of the opinion that the audited consolidated financial statements had been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

CHANGE OF DIRECTORS' INFORMATION

Changes in the composition of the Board and Board Committee during the Year and up to the date of this annual report are as follows:

- Mr. Song Xiaoming obtained a doctor of business administration from Singapore Management University in June 2021;
- the executive Directors namely Mr. Song Xiaoming, Mr. Song Shiqing, Ms. Lin Shuxian and Mr. Hon Hoi Chuen have waived Directors' remuneration since 23 June 2021;
- the service contracts of Mr. Li Zhongfei ("**Mr. Li**") and Mr. Zhao Jinsong, the independent non-executive Directors, entered with the Company expired on 11 July 2021 and their service contracts had been extended for three years commencing on 12 July 2021;
- Mr. Hon Hoi Chuen has ceased to be an executive Director with effect from 12 July 2021;
- Ms. Guan Yan ceased to be an independent non-executive Director and a member of each of the Audit Committee and Remuneration Committee on 12 July 2021;
- Mr. Liu Chengwei has been appointed as an independent non-executive Director and a member of Audit Committee and Remuneration Committee with effect from 10 September 2021;
- Ms. Song Shiqing was a director of Star Lake Bioscience Co., Inc. Zhaoqing Guangdong (the shares of which are listed on Shanghai Stock Exchange, stock code: 600866) from August 2020 to September 2021;
- the service contract of Ms. Lin Shuxian, an ex-executive Director, entered with the Company expired on 11 July 2021 and her contract had been extended for three years commencing on 12 July 2021. Ms. Lin resigned as an executive Director with effect from 8 April 2022;
- Mr. Lyu Xingyuan entered into a three-year service contract with the Company and has been appointed as an executive Director with effect from 27 April 2022;
- Mr. Li has been a chair professor of the Department of Finance of the College of Business of Southern University of Science and Technology since September 2021.

EVENTS AFTER THE REPORTING PERIOD

The Company has adopted a new logo on 17 June 2022 as follows.

长城汇理
GREAT WALLE
GREATWALLE INC.
長城匯理公司

Save as disclosed herein, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2022 and up to the date of this annual report.

On behalf of the Board
Song Xiaoming
Chairman and executive Director

Hong Kong, 24 June 2022

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF GREATWALLE INC.
長城匯理公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greatwalle Inc. (the "Company") and its subsidiaries (together the "Group") set out on pages 50 to 125, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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.

Impairment assessment on property, plant and equipment and goodwill relating to security guarding and property management business

Refer to notes 15 and 16 to the consolidated financial statements respectively and the significant accounting policies in notes 4.3, 4.5, 4.12 and critical accounting estimates and judgements in note 5(c) and 5(d) to the consolidated financial statements

As at 31 March 2022, the Group had property, plant and equipment and goodwill with carrying amounts of HK$31,196,000 and HK$1,050,000 respectively (before the current year impairment loss) arising from security guarding and property management business.

Management will perform impairment assessment on the amount of goodwill at least annually, and will perform impairment assessment when there is an indication that property, plant and equipment with definite useful lives may be impaired. For the purpose of assessing impairment, management assessed the recoverable amount of these assets based on higher of its fair value less costs of disposal and value-in-use. These assets were allocated to cash generating units ("CGUs"), and the recoverable amount of each CGU was determined by management based on higher of value-in-use calculations using cash flow projections and fair value less cost of disposal.

The impairment test involves significant estimation and judgements by the management to determine the methodologies adopted and the key assumptions used under the value-in-use calculation and the determination of fair value less cost of disposal.

Management concluded that, based on the impairment assessment, impairment losses on property, plant and equipment of HK$12,787,000 and goodwill of HK$1,050,000 relating to security guarding and property management business have been recognised for the year.

Our response:

Our key procedures in relation to the impairment assessment by the Group's management on property, plant and equipment and goodwill of security guarding and property management CGUs included:

i. obtaining and reviewing the valuation report prepared by the independent professional valuer engaged by the Group;

ii. discussing with the independent professional valuer and challenging the key estimates and assumptions adopted in the valuations, and assessing the independence, objectivity, qualifications and expertise of the independent professional valuer;

iii. involving an auditor's valuation expert to assist our work in assessing the valuation methodology adopted by the independent professional valuer and comparing the key estimates and assumptions adopted in the valuation; and

iv. checking input data to supporting evidence, such as approved budgets and assessing the reasonableness of these budgets.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group’s financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our 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.

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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

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

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants

Lui Chi Kin
Practising Certificate Number P06162

Hong Kong, 24 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
Continuing operations			
Revenue	7	**56,946**	62,035
Cost of services rendered		**(55,665)**	(56,531)
Gross profit		**1,281**	5,504
Other income and losses, net	8	**1,796**	7,087
Administrative expenses		**(23,966)**	(25,563)
Impairment loss on goodwill	16	**(1,286)**	–
Impairment loss on property, plant and equipment	15	**(12,787)**	–
Impairment loss on trade receivables	20	**(1,283)**	(3,610)
Finance costs	9	**(3,105)**	(2,257)
Loss before income tax	10	**(39,350)**	(18,839)
Income tax credit/(expense)	11	**8**	(180)
Loss for the year from continuing operations		**(39,342)**	(19,019)
Discontinued operations			
Profit for the year from discontinued operations	12	**–**	20
Loss for the year		**(39,342)**	(18,999)
Other comprehensive income that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of financial statements of foreign operations		**2,788**	1,211
Release of exchange reserve to profit or loss upon disposal of subsidiaries		**(412)**	–
Other comprehensive income for the year		**2,376**	1,211
Total comprehensive income for the year		**(36,966)**	(17,788)
Loss for the year attributable to:			
Owners of the Company		**(35,506)**	(16,959)
Non-controlling interests		**(3,836)**	(2,040)
		(39,342)	(18,999)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(33,135)**	(15,970)
Non-controlling interests		**(3,831)**	(1,818)
		(36,966)	(17,788)
		HK cents	HK cents (Restated)
Loss per share for loss attributable to owners of the Company from continuing and discontinued operations	14		
– Basic and diluted		**(7.08)**	(5.46)
From continuing operations			
– Basic and diluted		**(7.08)**	(5.46)
From discontinued operations			
– Basic and diluted		**–**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 HK$'000	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**18,739**	13,517
Goodwill	16	**–**	1,263
Other intangible assets	17	**–**	–
Amount due from the non-controlling equity holder of a subsidiary	18(a)	**–**	228
		18,739	15,008
Current assets			
Trade receivables	20	**7,594**	12,093
Prepayments, deposits and other receivables	20	**4,705**	3,223
Amount due from a related party	18(b)	**102**	345
Cash at banks and in hand		**69,987**	85,010
		82,388	100,671
Current liabilities			
Trade payables	21	**1,179**	5,114
Accrued expenses and other payables	21	**15,379**	15,712
Loans from related parties	18(b)	**2,094**	70,727
Amounts due to related parties	18(b)	**4,980**	758
Lease liabilities	22	**5,117**	789
Promissory note payable	23	**20,150**	20,150
Borrowings	24	**6,618**	6,313
		55,517	119,563
Net current assets/(liabilities)		**26,871**	(18,892)
Total assets less current liabilities		**45,610**	(3,884)
Non-current liabilities			
Lease liabilities	22	**14,675**	337
		14,675	337
Net assets/(liabilities)		**30,935**	(4,221)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 HK$'000	2021 HK$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	**29,072**	16,618
Reserves	27	**4,691**	(19,956)
		33,763	(3,338)
Non-controlling interests		**(2,828)**	(883)
Total equity/(Capital deficiencies)		**30,935**	(4,221)

These financial statements on pages 50 to 125 were approved and authorised for issue by the board of directors on 24 June 2022 and signed on its behalf by:

Song Xiaoming
Director

Song Shiqing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Equity attributable to owners to the Company								
	Share capital HK$'000	**Share premium*** HK$'000	**Share options reserve*** HK$'000	**Merger reserve*** HK$'000	**Foreign exchange reserve*** HK$'000	**Accumulated losses*** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity/ (Capital deficiencies)** HK$'000
At 1 April 2020	12,463	153,805	8,339	(5,270)	411	(176,951)	(7,203)	935	(6,268)
Issue of shares (note 26)	4,155	16,617	–	–	–	–	20,772	–	20,772
Transaction cost for rights issue (note 26)	–	(937)	–	–	–	–	(937)	–	(937)
Transactions with owners	4,155	15,680	–	–	–	–	19,835	–	19,835
Loss for the year	–	–	–	–	–	(16,959)	(16,959)	(2,040)	(18,999)
Other comprehensive income:									
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	989	–	989	222	1,211
Total comprehensive income for the year	–	–	–	–	989	(16,959)	(15,970)	(1,818)	(17,788)
At 31 March 2021 and 1 April 2021	16,618	169,485	8,339	(5,270)	1,400	(193,910)	(3,338)	(883)	(4,221)
Issue of shares (note 26)	12,454	56,046	–	–	–	–	68,500	–	68,500
Transaction cost for subscription	–	(654)	–	–	–	–	(654)	–	(654)
Equity-settled share options expenses (note 28)	–	–	2,390	–	–	–	2,390	–	2,390
Lapse of share options	–	–	(3,488)	–	–	3,488	–	–	–
Disposal of subsidiaries (note 31)	–	–	–	–	–	–	–	1,886	1,886
Transactions with owners	12,454	55,392	(1,098)	–	–	3,488	70,236	1,886	72,122
Loss for the year	–	–	–	–	–	(35,506)	(35,506)	(3,836)	(39,342)
Other comprehensive income:									
Exchange difference on translation of financial statements of foreign operations	–	–	–	–	2,783	–	2,783	5	2,788
Release of exchange reserve to profit or loss upon disposal of subsidiaries	–	–	–	–	(412)	–	(412)	–	(412)
Total comprehensive income for the year	–	–	–	–	2,371	(35,506)	(33,135)	(3,831)	(36,966)
At 31 March 2022	29,072	224,877	7,241	(5,270)	3,771	(225,928)	33,763	(2,828)	30,935

* The total of these accounts represents "Reserves" in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Loss before income tax			
Continuing operations		**(39,350)**	(18,839)
Discontinued operations		**–**	20
		(39,350)	(18,819)
Adjustments for:			
Amortisation of other intangible assets		**–**	356
Bank interest income	8	**(64)**	(27)
Gain on modification of terms of promissory note	10	**–**	(2,400)
Depreciation of property, plant and equipment	10	**4,513**	1,946
Gain on disposal of property, plant and equipment	8	**–**	(15)
Gain on disposal of subsidiaries	31	**(1,505)**	(44)
Equity-settled share options expenses	28	**2,390**	–
Interests charges on loans from related parties	9	**5**	46
Interest charges on promissory note	9	**2,400**	1,800
Interest on lease liabilities	9	**154**	35
Interest on borrowings	9	**546**	376
Impairment loss on goodwill	16	**1,286**	–
Impairment loss on property, plant and equipment	15	**12,787**	–
Impairment loss on trade receivables	20	**1,283**	3,610
Fair value change on contingent consideration payable	8	**–**	(2,250)
Operating losses before working capital changes		**(15,555)**	(15,386)
Decrease in trade receivables		**3,548**	7,463
(Increase)/Decrease in prepayments, deposits and other receivables		**(1,903)**	156
(Decrease)/Increase in amount due from a related party		**243**	(345)
Decrease in trade payables		**(4,052)**	(9,714)
Increase in accrued expenses and other payables		**2,911**	518
Decrease in amounts due to related parties		**–**	(345)
Cash used in operations		**(14,808)**	(17,653)
Net income tax refunded/(paid)		**8**	(180)
Interest received		**64**	27
Net cash used in operating activities		**(14,736)**	(17,806)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	**2022 HK$'000**	2021 HK$'000
Cash flows from investing activities			
Net cash outflow from disposal of subsidiaries	31	**(50)**	–
Purchase of property, plant and equipment		**(459)**	–
Proceeds from disposal of property, plant and equipment		**–**	15
Net cash generated from in investing activities		**(509)**	15
Cash flows from financing activities			
Interest paid for promissory note		**(2,400)**	(1,800)
Interest paid for borrowings		**(241)**	(265)
Repayments of capital element of lease liabilities	39	**(3,397)**	(934)
Repayments of interest element of lease liabilities	39	**(154)**	(35)
Payment on transaction costs for subscription	26	**(654)**	–
Proceeds from rights issue	26	**–**	20,772
Expenses on the rights issue	26	**–**	(937)
Proceeds from borrowings	39	**–**	6,202
Advance from loans from related parties	39	**–**	70,681
Repayments to loans from related parties	39	**–**	(6,976)
Repayments to amounts due to related parties	39	**–**	(1,121)
Advance from amounts due to related parties	39	**4,222**	–
Repayment of loan from ultimate holding company	39	**(2,185)**	–
Proceed from loan from an immediate holding company	39	**2,047**	–
Net cash (used in)/generated from financing activities		**(2,762)**	85,587
Net (decrease)/increase in cash and cash equivalents		**(18,007)**	67,796
Cash and cash equivalents at beginning of year		**85,010**	16,420
Effect of foreign exchange rates change		**2,984**	794
Cash and cash equivalents at end of year		**69,987**	85,010
Analysis of balances of cash and cash equivalents			
Cash at banks and in hand		**69,987**	85,010

1. GENERAL INFORMATION

Greatwalle Inc. (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 2 January 2014. The Company's registered office is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at Room 2008, 20th Floor, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.

The Company's shares were listed on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 August 2014.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries (together with the Company hereinafter referred to as the "Group") are set out in note 30 to the consolidated financial statements.

The directors of the Company considered the Company's ultimate holding company as at 31 March 2022 is Shenzhen Great Walle Investment Corp., LTD. ("Shenzhen Great Walle"), a company established in the People's Republic of China and its ultimate controlling party is Mr. Song Xiaoming ("Mr. Song").

The consolidated financial statements for the year ended 31 March 2022 were approved for issue by the board of directors on 24 June 2022.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2021

In the current year, the Group has applied for the first time the following new or amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are relevant to and effective for the Group's financial statements for the annual year beginning on 1 April 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

None of these new or amended HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – CONTINUED

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements-Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 The amendments should be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined
4 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current

The amendments clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability.

Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 (2020) was revised as a consequence of the amendments to HKAS 1 issued in August 2020. The revision to Hong Kong Interpretation 5 (2020) updates the wordings in the interpretation to align with the amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – CONTINUED

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The amendments seek to promote improved accounting policy disclosures that provide more useful information to investors and other primary users of the financial statements. Apart from clarify that entities are required to disclose their "material" rather than "significant" accounting policy, the amendments provide guidance on applying the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting policies and changes in accounting estimates. Among other things, the amendments now define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors.

Amendments to HKAS 12, Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it does not apply to such transactions as leases and decommissioning provisions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions.

Amendments to HKAS 16 – Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – CONTINUED

(b) New/revised HKFRSs that have been issued but are not yet effective – Continued

Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

Annual Improvements to HKFRSs 2018-2020, Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41

The annual improvements amends a number of standards, including:

- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.

The directors of the Company anticipate that the application of these new or amended HKFRSs will have no material impact on the Group’s consolidated financial performance and positions and/or the disclosures to the consolidated financial statements of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The consolidated financial statements have been prepared under historical cost convention, except for the financial instruments, which are measured at fair values as explained in the accounting policies set out below. All value are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and judgements are used in the preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.1 Business combination and basis of consolidation – Continued

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.3 Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.3 Goodwill – Continued

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4.4 Foreign currencies translation

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

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

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

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Company (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of the reporting period. Exchange differences arisen, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost over their estimated useful lives on a straight-line basis. The estimated useful lives are, at the following rates per annum:

Leasehold improvements	4% to 12% or over the lease term, whichever is shorter
Furniture and equipment	20% – 33%
Motor vehicles	25%
Right-of-use assets	Over the lease terms

The assets' depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at the end of reporting date.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.6 Other intangible assets

Other intangible assets acquired separately are initially recognised at cost. Subsequently, other intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses (note 4.14). The costs of other intangible assets under development are not subject to amortisation until they are completed and available for use.

Other intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.6 Other intangible assets – Continued

An impairment loss is recognised as an expense immediately. When an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years.

Amortisation on other intangible assets with finite useful life is provided on a straight-line basis over their useful lives as follows. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Computerised operating and guarding system	33%

4.7 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.7 Financial instruments – Continued

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 1 year past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.7 Financial instruments – Continued

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss and other comprehensive income. The net fair value gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.7 Financial instruments – Continued

(iii) Financial liabilities – Continued

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, accrued expenses and other payables, loans from related parties, amounts due to related parties, promissory note payable and borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9. Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.8 Leases

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group also has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.8 Leases – Continued

Lease liability – Continued

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

4.9 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.10 Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.10 Revenue recognition – Continued

Revenue from contracts with customers – Continued

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) *Provision of security guarding and property management services*

Revenue is recognised over time as those services are provided. Invoices for security guarding and property management services are issued on a monthly basis and are usually payable within 30 days.

(ii) *Provision of business advisory and asset management services*

Revenue from business advisory and asset management services is recognised over time as those services are provided. Invoices for regulated financial services are issued on a monthly basis and are usually payable within 30 days.

(iii) *Performance-based fees*

Revenue recognised by an asset manager can only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future periods. This means that performance fees will only be recognised once the milestones is achieved.

Revenue from other sources

(i) *Interest income*

Interest income is accrued on a time apportionment basis using the effective interest method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.11 Accounting for income taxes

Income tax comprises current tax and deferred tax

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

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

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

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

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.12 Impairment of non-financial assets

Property, plant and equipment, other intangible assets and interests in subsidiaries are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

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

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

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

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

4.13 Employee benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.13 Employee benefits – Continued

Defined contribution retirement plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. Contributions are made based on a percentage of the employees' basic salaries to the maximum mandatory contributions as required by the MPF Scheme. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short-term nature. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

4.14 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

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

4.15 Related parties

A party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.15 Related parties – Continued

(b) An entity is related to the Group if any of the following conditions apply:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

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

(iii) both entities are joint ventures of the same third party;

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

(v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;

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

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

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

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

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4.16 Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share options reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4.16 Share-based payments – Continued

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees and others providing similar services, the fair value of goods or services received is recognised in profit or loss unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised.

Upon exercise of share options, the amount previously recognised in share options reserve and the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as share premium. When the share options are lapsed, forfeited or still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated losses.

4.17 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deferred and recognised in profit or loss over the useful life of the asset.

4.18 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major lines of business.

The Group has identified the following reportable segments: (a) Security Guarding and property management and (b) Asset Management.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers, if any, are carried out at arm's length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that gain on disposal of subsidiaries, fair value change on contingent consideration payable, finance costs, corporate income and expenses as incurred by the Group's headquarter and income tax expense are excluded from segment results.

Segment assets exclude corporate assets, which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter. These include corporate cash at banks and in hand.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include promissory note payables and borrowings.

No asymmetrical allocations have been applied to reportable segments.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) ECL assessment

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement. In particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

(b) Depreciation and amortisation

The Group depreciated the property, plant and equipment and amortised the other intangible assets on a straight-line basis over their estimated useful lives, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the directors' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and other intangible assets.

(c) Impairment assessment of non-financial assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of non-financial assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The recoverable amount is determined based on higher of value-in-use calculation or fair value less costs of disposal ("FVLCD"). The calculations of value-in-use require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of non-financial assets within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. Calculation of FVLCD involves the selection of valuation model, adoption of key assumption, and input data, which are subject to management judgement.

(d) Impairment assessment of goodwill

The Group tests on an annual basis whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 4.3. The recoverable amounts of the CGUs have been determined based on value-in-use calculations or FVLCD, whichever is higher. The value-in-use calculations require the use of judgement and estimates of the future cash flows expected to arise from the CGUs, the timeframe for the cash flows forecast and the suitable discount rates in order to calculate the present value. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amount of goodwill within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors. Calculation of FVLCD may involve the selection of valuation model, adoption of key assumption, and input data, which are subject to management judgement.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

(e) Estimate of current tax and deferred tax

The Group is subject to income taxes in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such final tax liabilities determination is made.

(f) Revenue recognition – principal versus agent

Significant judgement is required in determining whether the Company is acting as principal, and reports revenue on a gross basis, or agent, and reports revenue on a net basis. The management evaluates each revenue stream and assess whether the Group controls each specified goods or services before that goods or services is transferred to the customers. The following indicators when determining whether it is acting as principal or agent in a transaction are also considered: (i) primary responsibility for fulfilling the promise to provide the specified goods or service, (ii) inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer and (iii) discretion in establishing the price for the specified good or service.

6. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

During the year ended 31 March 2021, the Group had completed the disposal of mobile game business. In accordance with HKFRS 5, the segment of mobile game business for the year ended 31 March 2021 had been presented as discontinued operations in the Group's consolidated financial statements.

During the year ended 31 March 2021, the Group has not rendered any student's e-education and security services and no revenue was generated from this business sector. As a result of the Group's internal reporting restructuring which resulted in changes to the compositions of its reputable segments, the Group's segment performance, the assets, liabilities and results of the e-Education business for year ended 31 March 2021 had been presented under "unallocated".

During the year ended 31 March 2021, the chief operating decision-maker had renamed the segment of "Security Guarding" to "Security Guarding and Property Management" as the revenue of the segment is generated from security guarding and property management services rendered to third party.

The Group currently has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

(a) "Security Guarding and Property Management" segment involves provision of security guarding and property management services; and

(b) "Asset Management" segment involves provision of business advisory and asset management services;

6. SEGMENT INFORMATION – CONTINUED

Revenue generated, loss incurred from operations, total assets and liabilities by each of the Group's operating segments are summarised as follows:

	Security Guarding and Property Management		Asset Management		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**54,985**	59,583	**1,961**	2,452	**56,946**	62,035
Total segment loss from operations	**(26,920)**	(11,601)	**(7,516)**	(7,612)	**(34,436)**	(19,213)
Fair value change on contingent consideration payable					**–**	2,250
Gain on disposal of subsidiaries					**1,505**	–
Finance costs					**(3,105)**	(2,257)
Unallocated corporate income					**–**	689
Unallocated corporate expenses					**(3,314)**	(308)
Loss before income tax					**(39,350)**	(18,839)
Income tax credit/(expense)					**8**	(180)
Loss for the year from continuing operations					**(39,342)**	(19,019)

There was no inter-segments transfer during the years ended 31 March 2022 and 2021.

	Security Guarding and Property Management		Asset Management		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other segment information						
Depreciation of property, plant and equipment	**3,102**	1,047	**1,412**	899	**4,513**	1,946
Amortisation of other intangible assets	**–**	356	**–**	–	**–**	356
Impairment loss on goodwill	**1,050**	–	**236**	–	**1,286**	–
Impairment loss on property, plant and equipment	**12,787**	–	**–**	–	**12,787**	–
Impairment loss on trade receivables	**1,129**	3,610	**154**	–	**1,283**	3,610
Income tax (credit)/expense	**12**	160	**(20)**	20	**(8)**	180
Addition to non-current assets	**22,150**	1,639	**22**	–	**22,172**	1,639

6. SEGMENT INFORMATION – CONTINUED

All assets are allocated to operating segments other than unallocated assets (mainly comprising certain other receivables and certain cash and bank balances).

	Security Guarding and Property Management		Asset Management		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**93,235**	107,259	**7,140**	7,206	**100,375**	114,465
Corporate cash at banks and in hand					**392**	402
Other corporate assets					**360**	812
Total assets					**101,127**	115,679

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising certain other payables, contingent consideration payable, promissory note payable and borrowings).

	Security Guarding and Property Management		Asset Management		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment liabilities	**29,496**	41,060	**6,137**	2,776	**35,633**	43,836
Promissory note payable					**20,150**	20,150
Borrowings					**6,618**	6,313
Other corporate liabilities					**7,791**	49,601
Total liabilities					**70,192**	119,900

6. SEGMENT INFORMATION – CONTINUED

Geographic information

The following table provides an analysis of the Group's revenue from external customers (including continuing and discontinued operations) and non-current assets other than financial instruments ("Specified non-current assets"). The geographical location of customers is based on the location at which the services are rendered. For goodwill and other intangible assets, the geographical location is based on the areas of operation. The geographical location of other specified non-current assets is based on the physical location of the assets.

	Revenue from external customers (including continuing and discontinued operations)		Specific non-current assets	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**8,101**	21,798	**6,056**	6,423
The People's Republic of China ("PRC")	**48,845**	40,237	**12,683**	7,521
	56,946	62,035	**18,739**	13,944

Information about major customers

Revenue from major customers in the segment of security guarding and property management, each of them accounted for 10% or more of the Group's revenue, are set out below:

	2022	2021
	HK$'000	HK$'000
Customer A	**N/A[1]**	14,894
Customer B	**31,448**	27,837

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. REVENUE

The principal activities of the Group are provision of security guarding and property management services and provision of business advisory and asset management services.

Disaggregation of revenue information

	2022	2021
	HK$'000	HK$'000
Continuing operations		
Provision of security guarding and property management services	**54,985**	59,583
Provision of business advisory and asset management services	**1,961**	2,452
	56,946	62,035

7. REVENUE – CONTINUED

Timing of revenue

	2022 HK$'000	2021 HK$'000
Over time	**56,946**	62,035

8. OTHER INCOME AND LOSSES, NET

	2022 HK$'000	2021 HK$'000
Continuing operations		
Bank interest income	**64**	27
Gain on disposal of subsidiaries (note 31)	**1,505**	–
Sundry income	**227**	407
Exchange gain	**–**	345
Fair value change on contingent consideration payable	**–**	2,250
Gain on modification of the terms of promissory note	**–**	2,400
Subsidies from Employment Support Scheme (note)	**–**	1,643
Gain on disposal of property, plant and equipment	**–**	15
	1,796	7,087

Note:

The amount represented government grants obtained from Employment Support Scheme ("ESS") under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Company's employees. Under the ESS, the Group had to commit to spend these grants on payroll expenses, and not reduce employee head count below prescribed levels for a specified period of time. The Group does not have other unfulfilled obligations relating to this program.

9. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Continuing operations		
Interest charges on promissory note	**2,400**	1,800
Interests charges on loans from related parties	**5**	46
Interests charges on borrowings	**546**	376
Interest on lease liabilities	**154**	35
	3,105	2,257

10. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	2022 HK$'000	2021 HK$'000
Continuing operations		
Auditor's remuneration		
– Provision for the year	**630**	630
Amortisation of other intangible assets *(note 17)(note a)*	**–**	356
Cost of services rendered	**55,665**	56,531
Depreciation of property, plant and equipment *(note 15)(note a)*		
– Owned property, plant and equipment	**212**	224
– Right-of-use assets included:		
– Ownership interest leasehold land and buildings	**251**	251
– Other properties leased for own use	**4,050**	1,471
	4,513	1,946
Short-term leases expenses *(note 22)*	**180**	1,121
Low-value assets leases expenses *(note 22)*	**17**	12
Employee benefits expenses (including directors' emoluments in note 32):		
Salaries, allowances and benefits in kind included in:		
– Cost of services rendered	**55,201**	46,839
– Administrative expenses	**11,822**	12,575
Retirement benefits – Defined contribution plans included in:		
– Cost of services rendered	**321**	361
– Administrative expenses	**86**	97
Equity-settled share options expenses *(note a)*	**2,390**	–
	69,820	59,872
Legal and professional fees	**1,925**	3,744
Impairment loss on goodwill	**1,286**	–
Impairment loss on property, plant and equipment	**12,787**	–
Impairment loss on trade receivables	**1,283**	3,610

Note:

a) Included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

b) There were no contributions forfeited by the Group on behalf of its employees who leave the MPF scheme or the PRC retirement scheme (as the case may be).

11. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2022 **HK$'000**	2021 HK$'000
Current tax		
– PRC Enterprise Income Tax ("EIT")		
– Tax for the year	**12**	51
– Over-provision in respect of prior years	**(20)**	
– Hong Kong Profits Tax		
– Under-provision in respect of prior years	**–**	129
	(8)	180

Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits of subsidiaries operating in Hong Kong for the year. EIT is calculated on estimated assessable profits of the subsidiaries' operations in PRC at 25% (2021: 25%).

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

	2022 **Continuing operations** **HK$'000**	**2022** **Discontinued operations** **HK$'000**	2021 Continuing operations HK$'000	2021 Discontinued operations HK$'000
(Loss)/Profit before income tax	**(39,350)**	**–**	(18,839)	20
Tax calculated at the statutory tax rate applicable to profits in the respective jurisdictions	**(8,827)**	**–**	(4,208)	3
Tax effect on non-deductible expenses	**5,368**	**–**	5,118	–
Tax effect on non-taxable income	**(288)**	**–**	(2,244)	(3)
Tax effect of temporary difference not recognised	**(93)**	**–**	(202)	–
Tax effect of tax losses not recognised	**3,852**	**–**	1,587	–
(Over)/under-provision in respect of prior years	**(20)**	**–**	129	–
Income tax expense	**(8)**	**–**	180	–

12. DISCONTINUED OPERATIONS

In March 2021, the Group has completed the disposal of the 100% equity interest of Golden Cross Trading Limited ("Golden Cross") to an independent third party. The principal activity of Golden Cross is provision of mobile game business, which has been classified as a discontinued operations for the year ended 31 March 2021. The details of the disposal of Golden Cross have been set out in note 31 to the consolidated financial statements.

12. DISCONTINUED OPERATIONS – CONTINUED

The results of the discontinued operation for the year ended 31 March 2021 are as follows:

	2021 HK$'000
Revenue	–
Administrative expenses	(24)
Loss before income tax	(24)
Gain on disposal of discontinued operations *(note 31(d))*	44
Income tax expense	–
Profit for the year from discontinued operations	20
Operating cash outflows	(24)
Financing cash inflows	24
	–

13. DIVIDEND

No dividend has been paid or declared by the Company during the year (2021: nil).

14. LOSS PER SHARE

The calculation of the basic loss per share is based on the following data:

Loss	**2022 HK$'000**	2021 HK$'000
Loss for the year attributable to owners of the Company		
– Continuing operations	**(35,506)**	(16,979)
– Discontinued operations	**–**	20
Loss from continuing operations and discontinued operations	**(35,506)**	(16,959)

Number of shares	**2022 '000**	2021 '000 (Restated)
Weighted average number of ordinary shares for the purposes of basic loss per share	**501,286**	310,731

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company, and the weighted average number of share of approximately 501,286,000 (2021: 310,731,000 adjusted for the effect of the Share Consolidation on 2 August 2021 and the bonus element of the issue of shares under subscription on 5 August 2021).

The computation of diluted loss per share does not assume the exercise of the company's share options for the years ended 31 March 2022 and 31 March 2021 as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Right-of-use assets HK$'000	Total HK$'000
Cost					
At 1 April 2020	3,243	3,247	3,393	13,974	23,857
Additions	–	–	–	1,639	1,639
Disposal/write-off	–	–	(275)	(380)	(655)
Exchange realignment	–	–	–	526	526
At 31 March 2021 and 1 April 2021	3,243	3,247	3,118	15,759	25,367
Additions	–	22	437	21,713	22,172
Disposal of subsidiaries *(note 31(a))*	–	(161)	–	–	(161)
Exchange realignment	–	1	8	679	688
At 31 March 2022	3,243	3,109	3,563	38,151	48,066
Accumulated depreciation and impairment					
At 1 April 2020	733	3,202	3,314	3,302	10,551
Depreciation	115	30	79	1,722	1,946
Disposal/write-off	–	–	(275)	(380)	(655)
Exchange realignment	–	–	–	8	8
At 31 March 2021 and 1 April 2021	848	3,232	3,118	4,652	11,850
Depreciation	115	10	87	4,301	4,513
Disposal of subsidiaries *(note 31(a))*	–	(155)	–	–	(155)
Impairment	–	–	221	12,566	12,787
Exchange realignment	–	1	7	324	332
At 31 March 2022	963	3,088	3,433	21,843	29,327
Net book value					
At 31 March 2022	2,280	21	130	16,308	18,739
At 31 March 2021	2,395	15	-	11,107	13,517

15. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2022 **HK$'000**	2021 HK$'000
Ownership interests leasehold land and buildings, carried at depreciated cost with remaining lease term of:		
– Between 10 and 50 years	**3,776**	4,029
Other properties leased for own use, carried at depreciated cost	**12,532**	7,078
	16,308	11,107

Property, plant and equipment with the net carrying amount HK$9,948,000 (before the impairment assessment) is attributable to the cash-generating unit of provision of security guarding services in PRC by Shenzhen Guanhui Jiye Property Management Limited ("Shenzhen Security Guarding CGU").

The recoverable amount of the Shenzhen Security Guarding CGU has been determined based on value-in-use calculations estimated by the management with reference to the valuation performed by an independent firm of professional valuer. The calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on a detailed five-year budget plan approved by the management, followed by an extrapolation of expected cash flow at terminal growth rate of 3% (2021: Nil), which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 18.7% per annum (2021: Nil). The key assumptions were determined by the management based on its expectations for the business development. The estimated cash flows include budget revenue based on the historical performance, estimation of market development and future performance of the Shenzhen Security Guarding CGU made by the management of the Group. The discount rate used is pre-tax and reflect specific risks relating to the industry in relation to Shenzhen Security Guarding CGU.

The recoverable amount of this Shenzhen Security Guarding CGU of HK$3,702,000 was determined from value-in-use calculation. As the recoverable amount of the Shenzhen Security Guarding CGU is lower than its carrying amount, the directors of the Company considered that an impairment loss of approximately HK$6,246,000 has been recognised for the year ended 31 March 2022.

Property, plant and equipment with the net carrying amount HK$9,586,000 (before the impairment assessment) is attributable to the cash-generating unit of provision of security guarding services in PRC by Shandong Zhicheng Economic Consultation Service Co., Ltd.# (山東智誠經濟諮詢服務) (" Shandong Security Guarding CGU").

15. PROPERTY, PLANT AND EQUIPMENT – CONTINUED

The recoverable amount of the Shandong Security Guarding CGU has been determined based on value-in-use calculations estimated by the management with reference to the valuation performed by an independent firm of professional valuer. The calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on a detailed five-year budget plan approved by the management, followed by an extrapolation of expected cash flow at terminal growth rate of 3% (2021: Nil), which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 19.3% per annum (2021: Nil). The key assumptions were determined by the management based on its expectations for the business development. The estimated cash flows include budget revenue based on the historical performance, estimation of market development and future performance of the Shandong Security Guarding CGU made by the management of the Group. The discount rate used is pre-tax and reflect specific risks relating to the industry in relation to Shandong Security Guarding CGU.

The recoverable amount of this Shandong Security Guarding CGU of HK$3,045,000 was determined from value-in-use calculation. As the recoverable amount of the Shandong Security Guarding CGU is lower than its carrying amount, the directors of the Company considered that an impairment loss of approximately HK$6,541,000 has been recognised for the year ended 31 March 2022.

16. GOODWILL

The amount of goodwill capitalised as an asset recognised in the consolidated statement of financial position, arising from business combination, is as follows:

	2022 **HK$'000**	2021 HK$'000
At the beginning of the year		
Gross carrying amount	**37,518**	37,420
Accumulated impairment losses	**(36,255)**	(36,255)
Net carrying amount	**1,263**	1,165
Year ended 31 March		
Opening carrying amount	**1,263**	1,165
Impairment loss	**(1,286)**	–
Exchange realignment	**23**	98
	–	1,263
At the end of the year		
Gross carrying amount	**37,540**	37,518
Accumulated impairment losses	**(37,540)**	(36,255)
Net carrying amount	**–**	1,263

16. GOODWILL – CONTINUED

For the purpose of impairment testing, goodwill is allocated to the CGUs under PRC Security Guarding and Asset Management segments. The CGUs were identified as follows:

	2022 **HK$'000**	2021 HK$'000
Jingwudun Security Guarding CGU	–	1,027
Asset Management CGU	–	236
Net carrying amount	–	1,263

Notes:

(a) Jingwudun Security Guarding CGU

Goodwill acquired through business combination has been allocated to the cash generating unit of provision of security guarding services in PRC by Jingwudun Security Management Group Co., Limited ("Jinwudun Security Guarding CGU") for impairment testing.

For the purpose of impairment testing, the relevant goodwill and the property, plant and equipment have been allocated to Jingwudun Security Guarding CGU.

The recoverable amount of the Jingwudun Security Guarding CGU has been determined based on value-in-use calculations estimated by the management with reference to the valuation performed by an independent firm of professional valuer. The calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on a detailed five-year budget plan approved by the management, followed by an extrapolation of expected cash flow at terminal growth rate of 3% (2021: 3%), which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 19.5% per annum (2021: 19%). The key assumptions were determined by the management based on its expectations for the business development. The estimated cash flows include budget revenue based on the historical performance, estimation of market development and future performance of the Jingwudun Security Guarding CGU made by the management of the Group. The discount rate used is pre-tax and reflect specific risks relating to the industry in relation to Jingwudun Security Guarding CGU.

The recoverable amount of this Jingwudun Security Guarding CGU of HK$5,612,000 was determined from value-in-use calculation. As the recoverable amount of Jingwudun Security Guarding CGU is lower than its carrying amount, the directors of the Company considered that an impairment loss on goodwill of approximately HK$1,050,000 (2021: Nil) has been recognised and there was no impairment on its property, plant and equipment for the year ended 31 March 2022.

(b) Asset Management CGU

Goodwill acquired through business combination of Guangzhou Huiyu Commercial Company Limited has been allocated to the cash generating unit of provision of asset management services ("Asset Management CGU") for impairment testing.

Value-in-use calculations for the Asset Management CGU was estimated by the management with reference to the discount rate calculated by an independent firm of professional valuer. The calculation covered a period estimated by the Group to be indefinite as there is no foreseeable limitation on the period of time over which the CGU is expected to generate economic benefits to the Group. The calculation uses cash flow projections based on a detailed five-year budget plan approved by the management, followed by an extrapolation of expected cash flow at zero growth rate (2021: zero), which do not exceed the long-term growth rate for the business in which the CGU operates, and a discount rate of 14.9% per annum (2021: 13%). The key assumptions were determined by the management based on its expectations for the business development. The estimated cash flows include budget revenue based on the estimation of market development and future performance of the Asset Management CGU made by the management of the Group. The discount rate used is pre-tax and reflect specific risks relating to the industry in relation to the Asset Management CGU. The recoverable amount was determined to be the FVLCD as it is higher than the value-in-use calculation. As the recoverable amount of the Asset Management CGU is lower than its carrying amount, the directors of the Company considered that an impairment loss on goodwill of approximately HK$236,000 (2021: Nil) has been recognised for the year ended 31 March 2022.

17. OTHER INTANGIBLE ASSETS

	Computerised operating and guarding system HK$'000
Cost	
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	6,717
Accumulated amortisation and impairment	
At 1 April 2020	6,361
Amortisation	356
At 31 March 2020, 1 April 2021 and 31 March 2022	6,717
Net book value	
At 31 March 2022	–
At 31 March 2021	–

18. BALANCES WITH RELATED PARTIES

(a) Amount due from a non-controlling equity holder of a subsidiary

As at 31 March 2021, the carrying amount of amount due from a non-controlling equity holder of a subsidiary is approximately: HK$228,000, which is unsecured, interest-free and expected to realise the amount due beyond twelve months after the reporting date and therefore classified as non-current assets. The effective interest rate of the amount due from the non-controlling equity holder of a subsidiary is 4.9% per annum.

For the year ended 31 March 2021, the Group has assessed the ECL for the amount due from the non-controlling equity holder of a subsidiary, and considered there is no significant change in the ECL.

18. BALANCES WITH RELATED PARTIES – CONTINUED

(b) Loans from/amounts due from/(to) related parties

	Notes	2022 HK$'000	2021 HK$'000
Amount due from a related party:			
– ultimate holding company	(iii)	**–**	345
– a fellow subsidiary	(iii)	**102**	–
		102	345
Loans from related parties:			
– immediate holding company	(i)	**(2,050)**	(68,500)
– ultimate holding company	(ii)	**(44)**	(2,227)
		(2,094)	(70,727)
Amounts due to related parties:			
– a director of the Company	(iii)	**(150)**	–
– a director of a subsidiary	(iii)	**(4,640)**	–
– fellow subsidiaries	(iii)	**(190)**	(758)
		(4,980)	(758)

i. *Loan from immediate holding company*

During the year ended 31 March 2021, the Group entered into loan agreements with Greatwalle Holding Limited, the immediate holding company. Pursuant to the agreements, Greatwalle Holding Limited agreed to grant loan facilities to the Group with total principal amounts of HK$68,500,000. The loan has been fully settled by the issuance of shares during the year ended 31 March 2022. Details of share subscription are set out in the note 26(v). The loans were unsecured, interest-free and repayable on demand.

ii. *Loan from ultimate holding company*

The loans is unsecured, bearing interest 1% per annum and repayable within one year.

iii. *Amounts due from/(to) related parties*

These amounts due from/(to) related parties are unsecured, interest-free and repayable on demand.

19. DEFERRED TAX ASSETS AND LIABILITIES

Details of deferred tax (assets)/liabilities recognised and the movements during the current and prior years are as follows:

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2020	202	(202)	–
Charged to profit or loss *(note 11)*	(101)	101	–
At 31 March 2021 and 1 April 2021	101	(101)	–
Charged to profit or loss *(note 11)*	(31)	31	–
At 31 March 2022	70	(70)	–

At 31 March 2022, in view of unpredictability of future profit streams, the Group did not recognise deferred tax assets in respect of estimated unused tax losses of HK$57,471,000 (2021: HK$46,982,000) that can be carried forward against future taxable income, of which, tax losses of HK$35,897,000 (2021: HK$33,500,000) can be carried forward indefinitely. The remaining balances of tax losses will expire on various date within five years.

20. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 HK$'000	2021 HK$'000
Trade receivables	**7,594**	12,093
Prepayments	**278**	463
Deposits	**2,963**	1,514
Other receivables	**1,464**	1,246
	4,705	3,223

Trade receivables generally have credit terms of 7 to 30 days (2021: 7 to 30 days).

20. TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – CONTINUED

The ageing analysis of trade receivables (net of impairment loss) based on invoice dates, as of the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
Not more than 30 days	**5,496**	8,674
30-90 days	**1,436**	2,033
Over 90 days	**662**	1,386
	7,594	12,093

Movements in loss allowance accounts for trade receivables, deposits and other receivable during the year were as follows:

	Trade receivables HK$'000	**Deposits and other receivables HK$'000**	**Total HK$'000**
Balance at 1 April 2020	413	123	536
Impairment losses recognised	3,610	–	3,610
Exchange realignment	(29)	–	(29)
Balance at 31 March 2021 and 1 April 2021	3,994	123	4,117
Disposal of subsidiaries	–	(123)	(123)
Impairment losses recognised	1,283	–	1,283
Exchange realignment	143	–	143
Balance at 31 March 2022	5,420	–	5,420

Further details on the Group's credit policy, ECL model and matrix used are set out in notes 4.7(ii) and 36.

21. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables	**1,179**	5,114
Accrued expenses and other payables*	**15,379**	15,712
	16,558	20,826

* The balances mainly represented the accrued expense for salaries, legal and professional fees and other payables.

The ageing analysis of the Group's trade payables, based on invoice dates, is as follows:

	2022 HK$'000	2021 HK$'000
Not more than 30 days	**1,179**	4,339
30-90 days	**–**	82
Over 90 days	**–**	693
	1,179	5,114

22. LEASE LIABILITIES

The movement of the Group's lease liabilities during the year ended 31 March 2022 and 2021 is as follows:

	Land and buildings leased for own use HK$'000
At 1 April 2020	421
Additions	1,639
Interest expense	35
Lease payments	(969)
As at 31 March 2021 and 1 April 2021	1,126
Additions	21,713
Interest expense	154
Lease payments	(3,551)
Exchange realignment	350
As at 31 March 2022	19,792

22. LEASE LIABILITIES – CONTINUED

Future lease payments are due as follows:

2022

	Minimum lease payments HK$'000	**Interest HK$'000**	**Present value HK$'000**
Not later than one year	**5,213**	**(96)**	**5,117**
Later than one year and not later than two years	**5,726**	**(111)**	**5,615**
Later than two years and not later than five years	**9,210**	**(150)**	**9,060**
	20,149	**(357)**	**19,792**

2021

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	816	(27)	789
Later than one year and not later than two years	340	(3)	337
	1,156	(30)	1,126

The present value of future lease payments are analysed as:

	2022 HK$'000	2021 HK$'000
Current liabilities	**5,117**	789
Non-current liabilities	**14,675**	337
	19,792	1,126

Others

	2022 HK$'000	2021 HK$'000
Short-term leases expenses	**180**	1,121
Low-value assets leases expenses	**17**	12

23. PROMISSORY NOTE PAYABLE

On 6 May 2016, the Company issued a promissory note to a former director of the Company, Mr. Fu Yik Lung ("Mr. Fu") to raise funding for the Group's working capital on the daily operation and the development of its existing businesses and any other future development opportunities.

The principal sum of HK$19,500,000 together with its interest accrued are to be repaid on the date falling two years from 6 May 2016. The promissory note was unsecured and interest-bearing at 5% per annum during that period.

On 10 May 2018, the Group had entered into an extension agreement with Mr. Fu (the noteholder of the promissory note) pursuant to which the maturity date of the promissory note was extended to 4 August 2019, and the principal amount of the promissory note was amended to HK$19,950,000. The extended promissory note shall bear fixed interest in the amount of HK$200,000 per month.

On 4 April 2019, the Group had entered into a second extension agreement with Mr. Fu pursuant to which the maturity date of the promissory note was further extended to 5 October, 2020, and the principal amount was HK$19,950,000. The extended promissory note would bear fixed interest in the amount of HK$200,000 per month.

On 31 July 2020, the Group had entered into an agreement with Mr. Fu pursuant to which certain liabilities for the interest payable was discharged by Mr. Fu. It hereby resulted in substantial modification of the terms of the promissory note. The gain on modification with amount of HK$2,400,000 was recognised for the year ended 31 March 2021.

On 14 May 2021, the Company entered into a third extension agreement with Mr. Fu pursuant to which the maturity date of the promissory note was further extended to 30 April 2022.

On 30 April 2022, the Company entered into a fourth extension agreement with Mr. Fu pursuant to which the maturity date of the promissory note was further extended to 31 October 2022.

24. BORROWINGS

The balance represented the unsecured debenture. As at 31 March 2021, the Company has issued debentures with aggregate principal of approximately USD800,000 (equivalent to approximately HK$6,202,000) to an independent third party. The debentures are unsecured, bearing interest rate at 8.5% per annum and repayable in July 2021.

On 15 July 2021, the Group had entered into an extension agreement with the holder of the debentures pursuant to which the maturity date of the debentures was extended to July 2022.

25. CONTINGENT CONSIDERATION PAYABLE

The contingent consideration payable was accounted for as a financial liability at fair value through profit or loss, which was arising from the acquisition of 51% equity interest of Jingwudun Management Corp. Co., Limited ("Jingwudun") during the year ended 31 March 2020.

The consideration to be paid for the abovementioned acquisition included a revenue-based contingent consideration adjustment, which was principally based on the guaranteed revenue of HK$60,000,000 in a three-year period from 1 October 2019 to 31 March 2020 and two financial years ended 31 March 2021 and 2022 (collectively the "Guarantee Period"). The potential undiscounted amount of the contingent consideration adjustment that the Group could be required to make under this arrangement is either nil or RMB3,600,000. As of 31 March 2021, the fair value of the contingent consideration payable was zero as the estimated total revenue of Jingwudun for the Guarantee Period was decreased. The fair value of the contingent consideration payable at 31 March 2021 were estimated by the management with reference to valuations performed by independent firm of professional valuers.

25. CONTINGENT CONSIDERATION PAYABLE – CONTINUED

The fair value gain amounted to HK$2,250,000 has been recognised in the consolidated statement of profit or loss and other comprehensive income as "Other income and losses, net" for the year ended 31 March 2021.

For the year ended 31 March 2022, the revenue of Jingwudun for the Guarantee Period could not achieve the guaranteed revenue of HK$60,000,000. In this regard, pursuant to the sale and purchase agreement, the Group was not required to pay the contingent consideration. The fair value of the contingent consideration payable remained zero and the contingent consideration payable has been derecognised as at 31 March 2022.

Details of the fair value measurement of the contingent consideration payable has been set out in note 37.

26. SHARE CAPITAL

	Number of ordinary shares of HK$0.01	Number of ordinary shares of HK$0.05	Amount HK$'000
Authorised:			
At 1 April 2020	2,000,000,000	–	20,000
Increase in authorised share capital *(note (i))*	2,000,000,000	–	20,000
At 31 March 2021 and April 2021 *(@HK$0.01)*	4,000,000,000	–	40,000
Share consolidation *(note (ii))*	(4,000,000,000)	800,000,000	–
At 31 March 2022 *(@HK$0.05)*	–	800,000,000	40,000
Issued:			
At 1 April 2020	1,246,317,523	–	12,463
Issue of shares under Rights Issue *(note (iii))*	415,439,174	–	4,155
At 31 March 2021 and 1 April 2021	1,661,756,697	–	16,618
Share consolidation *(note (iv))*	(1,661,756,697)	332,351,339	–
Issue of shares under subscription *(note (v))*	–	249,090,909	12,454
At 31 March 2022	–	581,442,248	29,072

Notes:

(i) With effect from 15 July 2020, the authorised share capital of the Company from HK$20,000,000.00 divided into 2,000,000,000 shares was increased to HK$40,000,000.00 divided into 4,000,000,000 shares by the creation of additional 2,000,000,000 shares of par value of HK$0.01 each. The new shares shall rank pari passu with each other and with the existing shares in all respects upon issue and being fully-paid.

(ii) The share consolidation on the basis that every five issued and unissued existing shares be consolidated into one consolidated share has been effective from 2 August 2021. Upon the completion of the share consolidation, the authorised share capital of the Company shall become HK$40,000,000 divided into 800,000,000 consolidated shares of par value of HK$0.05 each.

(iii) On 19 August 2020, the Company conducted the rights issue (the "Rights Issue") to raise approximately HK$20.8 million before issuance cost by issuing up to 415,439,174 rights shares at the subscription price of HK$0.05 per rights share on the basis of one (1) rights share for every three (3) shares held by the qualifying shareholders. The Rights Issue was fully subscribed and completed on 9 September 2020 and approximately HK$19,835,000 of net proceeds was received by the Company.

(iv) Referring to the share consolidation disclosed in note ii, the number of issued shares has been adjusted from 1,661,756,697 to 332,351,339 on 2 August 2021.

26. SHARE CAPITAL – CONTINUED

(v) The subscriber, who is wholly-owned by Mr. Song, an executive director and chairman of the Company and a controlling shareholder of the Company has completed the subscription of 249,090,909 new shares at HK$0.275. The consideration of the subscription has been satisfied by the capitalisation and full settlement of the shareholder loan in the sum of HK$68,500,000. The subscription has been completed on 5 August 2021. The subscription is non-cash transaction for the year ended 31 March 2022.

27. RESERVES

Details of the movements on the Group's reserves are as set out in the consolidated statement of changes in equity of the financial statements. The natures and purposes of reserves within equity are as follows:

Share premium

The share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.

Merger reserve

It represents the difference between the nominal value of the share capital of the subsidiary held by the Company and the nominal value of the share capital of the Company issued pursuant to the group reorganisation prior to the listing of the Company's shares.

Share options reserve

The share options reserve represents the cumulative expenses recognised on the granting of share options to the employees and directors over the vesting period.

28. SHARE OPTION SCHEME

A share option scheme (the "Scheme") adopted by the Company was approved by the shareholders on 31 July 2014.

A summary of the Scheme is set out below:

The Scheme became effective for a period of 10 years commencing on 31 July 2014. Under the Scheme, the directors shall, in its absolute discretion select, make an offer to any eligible participants to subscribe for shares of the Company at a subscription price being not less than the highest of (i) the closing price of shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the option, which must be a business day; or (ii) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the share on the date. The offer of a grant of options may be accepted within seven days inclusive of the day on which such offer was made.

The options granted shall be exercisable in whole or in part in the effective option period. The exercise period of the options granted is determined and notified by the directors to the grantee thereof at the time of making an offer provided that such period shall not exceed the period of 10 years from the date of the grant of the option is made, subject to the provisions for early termination thereof.

28. SHARE OPTION SCHEME – CONTINUED

The maximum number of shares to be issued upon the exercise of all outstanding options granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Company must not in aggregate exceed 10% of all the shares of the Company in issue as at the date of the annual general meeting held on 10 September 2021 being 58,144,224 shares.

For the year ended 31 March 2022

	Number of options							
	At 1 April 2021	Adjustment arising from share consolidation	Granted during the year	Lapsed during the year	At 31 March 2022	Date of grant	Exercise period	Adjusted exercise price
Directors/Ex-directors								
Hon Hoi Chuen	9,328,944	(7,463,156)	–	–	1,865,788	14 December 2018	Period 1	1.17
Lin Shuxian	9,328,944	(7,463,156)	–	–	1,865,788	14 December 2018	Period 1	1.17
Li Mingming	9,328,944	(7,463,156)	–	–	1,865,788	14 December 2018	Period 1	1.17
Guan Yan	932,894	(746,316)	–	–	186,578	14 December 2018	Period 1	1.17
Zhao Jinsong	932,894	(746,316)	–	–	186,578	14 December 2018	Period 1	1.17
Li Zhongfei	932,894	(746,316)	–	–	186,578	14 December 2018	Period 1	1.17
Pang Xiaoli *(note ii)*	2,053,265	(1,642,612)	–	–	410,653	18 April 2019	Period 2	0.445
Hon Hoi Chuen	3,342,335	(2,673,868)	–	–	668,467	18 April 2019	Period 2	0.445
Lin Shuxian	3,342,335	(2,673,868)	–	–	668,467	18 April 2019	Period 2	0.445
Guan Yan	85,974	(68,780)	–	–	17,194	18 April 2019	Period 2	0.445
Zhao Jinsong	85,974	(68,780)	–	–	17,194	18 April 2019	Period 2	0.445
Li Zhongfei	85,974	(68,780)	–	–	17,194	18 April 2019	Period 2	0.445
	39,781,371	(31,825,104)	–	–	7,956,267			
Employees in aggregate	9,328,944	(7,463,156)	–	–	1,865,788	14 December 2018	Period 1	1.17
Employees in aggregate	14,130,708	(11,304,567)	–	–	2,826,141	18 April 2019	Period 2	0.445
Employees in aggregate	74,977,156	(59,981,729)	–	(14,995,427)	–	5 September 2019	Period 3	0.72
Employees in aggregate	–	–	33,235,133	–	33,235,133	11 October 2021	Period 4	0.2242
Total	138,218,179	(110,574,556)	33,235,133	(14,995,427)	45,883,329			

28. SHARE OPTION SCHEME – CONTINUED

For the year ended 31 March 2021

	Number of options					
	At 1 April 2020	Adjustment arising from Rights Issue	At 31 March 2021	Date of grant	Exercise period	Adjusted exercise price
Directors/Ex-directors						
Hon Hoi Chuen	9,156,186	172,758	9,328,944	14 December 2018	Period 1	0.234
Lin Shuxian	9,156,186	172,758	9,328,944	14 December 2018	Period 1	0.234
Li Mingming	9,156,186	172,758	9,328,944	14 December 2018	Period 1	0.234
Guan Yan	915,618	17,276	932,894	14 December 2018	Period 1	0.234
Zhao Jinsong	915,618	17,276	932,894	14 December 2018	Period 1	0.234
Li Zhongfei	915,618	17,276	932,894	14 December 2018	Period 1	0.234
Pang Xiaoli *(note ii)*	2,015,242	38,023	2,053,265	18 April 2019	Period 2	0.089
Hon Hoi Chuen	3,280,440	61,895	3,342,335	18 April 2019	Period 2	0.089
Lin Shuxian	3,280,440	61,895	3,342,335	18 April 2019	Period 2	0.089
Guan Yan	84,382	1,592	85,974	18 April 2019	Period 2	0.089
Zhao Jinsong	84,382	1,592	85,974	18 April 2019	Period 2	0.089
Li Zhongfei	84,382	1,592	85,974	18 April 2019	Period 2	0.089
	39,044,680	736,691	39,781,371			
Employees in aggregate	9,156,186	172,758	9,328,944	14 December 2018	Period 1	0.234
Employees in aggregate	13,869,027	261,681	14,130,708	18 April 2019	Period 2	0.089
Employees in aggregate	73,588,691	1,388,465	74,977,156	5 September 2019	Period 3	0.144
Total	135,658,584	2,559,595	138,218,179			

Notes:

(i) Period 1: 14 December 2018 to 13 December 2028, the exercise price of share options as at 31 March 2021 has been adjusted with effects of Rights Issue on 9 September. Further details are set out in note 26(iii) to the consolidated financial statements. In addition, the exercise price of share options as at 31 March 2022 has been adjusted with effects of share consolidation on 2 August 2021. Further details are set out in note 26(iv) to the consolidated financial statements.

Period 2: 18 April 2019 to 17 April 2029, the exercise price of share options as at 31 March 2021 has been adjusted with effects of Rights Issue on 9 September 2020. Further details are set out in note 26(iii) to the consolidated financial statements. In addition, the exercise price of share options as at 31 March 2022 has been adjusted with effects of share consolidation on 2 August 2021. Further details are set out in note 26(iv) to the consolidated financial statements.

Period 3: 5 September 2019 to 4 September 2021, the exercise price of share options as at 31 March 2021 has been adjusted with effects of Rights Issue on 9 September 2020. Further details are set out in note 26(iii) to the consolidated financial statements. In addition, The exercise price of share options as at 31 March 2022 has been adjusted with effects of share consolidation on 2 August 2021. Further details are set out in note 26(iv) to the consolidated financial statements.

Period 4: 11 October 2021 to 10 October 2026

(ii) Resigned as an executive director of the Company on 25 August 2020.

28. SHARE OPTION SCHEME – CONTINUED

The vesting date of the share options is the date of grant.

During the year, 14,995,427 share options (2021: no share options) have been lapsed on 4 September 2021.

Equity-settled share options expenses of HK$2,390,000 (2021: nil) has been included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022. It gave rise to a share options reserve. No liabilities were recognised due to equity-settled share-based payment transactions.

The fair values of the share options granted on 11 October 2021, 5 September 2019, 18 April 2019 and 14 December 2018 respectively under the Scheme were determined using the binomial option pricing model. Significant inputs into the model and assumptions were as follows:

Parameter	11 October 2021	5 September 2019	18 April 2019	14 December 2018
Share price on date of grant	HK$0.201	HK$0.147 *	HK$0.0900 *	HK$0.260 *
Exercise price	HK$0.2242	HK$0.147 *	HK$0.0904 *	HK$0.265 *
Risk-free rate	0.78%	1.52%	1.71%	2.27%
Expected option life	5 years	2 years	10 years	10 years
Expected volatility	107%	97%	106%	104%
Early exercise behavior (of the exercise price)	N/A	N/A	N/A	N/A

* Before adjustment of share consolidation and Rights Issue.

The expected volatility represents the historical volatility of the share price of the ordinary shares of the Company.

28. SHARE OPTION SCHEME – CONTINUED

The share options and weighted average share price are summarised as follows for the reporting periods presented:

	Number of share options HK$'000	Weighted average exercise price HK$'000
Outstanding at 1 April 2020	135,658,584	0.164
Adjustment arising from Rights Issue	2,559,595	–
Outstanding at 31 March 2021 and 1 April 2021	138,218,179	0.161
Adjustment arising from share consolidation	(110,574,556)	–
Granted during the year	33,235,133	0.224
Lapsed during the year	(14,995,427)	0.720
Outstanding and exercisable at 31 March 2022	45,883,329	0.411

The share options outstanding at 31 March 2022, which are all exercisable, had exercise price of HK$0.411 (2021: HK$0.161) and a weighted average remaining contractual life of 5.17 (2021: 3.82) years.

At the end of the reporting period, the Company had 45,883,329 (2021: 138,218,179) share options outstanding under the Scheme which representing approximately 7.89% (2021: 8.32%) of the Company's shares in issue as at 31 March 2022. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 45,883,329 (2021: 138,218,179) additional ordinary shares of the Company and additional share capital of HK$2,294,166 (2021: HK$1,382,182) and share premium of HK$16,584,055 (2021: HK$20,841,511) (before issue expenses).

Subsequent to the end of the reporting period, no share options was exercised.

At the date of approval of these financial statements, the Company has 45,883,329 share options outstanding under the Scheme, which represented approximately 7.89% of the Company's share in issue as at that date.

29. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	**2022 HK$'000**	2021 HK$'000
ASSETS AND LIABILITIES			
Non-current asset			
Investments in subsidiaries		**2,566**	4,128
Current assets			
Prepayments		**351**	322
Amounts due from subsidiaries		**68,811**	95,298
Cash at banks		**341**	352
		69,503	95,972
Current liabilities			
Accrued expenses		**2,584**	2,850
Loans from related parties		**2,050**	68,500
Amounts due to subsidiaries		**8,998**	6,891
Amount due to a related party		**2,206**	505
Promissory note payable		**20,150**	20,150
Borrowings		**6,618**	6,313
		42,606	105,209
Net current assets/(liabilities)		**26,897**	(9,237)
Net assets/(liabilities)		**29,463**	(5,109)
EQUITY			
Share capital	26	**29,072**	16,618
Reserves	29(b)	**391**	(21,727)
Total equity/(Capital deficiencies)		**29,463**	(5,109)

Statement of financial position of the Company was approved and authorised for issue by the board of directors on 24 June 2022 and are signed on its behalf by:

Song Xiaoming
Director

Song Shiqing
Director

29. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY – CONTINUED

(b) Reserves of the Company

	Share premium HK$'000	Contributed surplus HK$'000 (note)	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	153,805	7,996	8,339	(189,904)	(19,764)
Issue of shares *(note 26)*	16,617	–	–	–	16,617
Transaction cost for rights issue *(note 26)*	(937)	–	–	–	(937)
Loss for the year	–	–	–	(17,643)	(17,643)
At 31 March 2021 and 1 April 2021	169,485	7,996	8,339	(207,547)	(21,727)
Issue of shares *(note 26)*	56,046	–	–	–	56,046
Transaction cost for subscription	(654)	–	–	–	(654)
Equity-settled share options expenses *(note 28)*	–	–	2,390	–	2,390
Lapse of share options	–	–	(3,488)	3,488	–
Loss for the year	–	–	–	(35,664)	(35,664)
At 31 March 2022	224,877	7,996	7,241	(239,723)	391

Note:

The contributed surplus of the Company represented the difference between the net asset value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the group reorganisation prior to the listing of the Company's shares.

30. SUBSIDIARIES

(a) General information of subsidiaries as at 31 March 2022

Particulars of the company's principal subsidiaries are as follow:

Name of subsidiaries	Place of incorporation/ operations	Issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			Directly	Indirectly	
King Force Security Limited	Hong Kong	HK$10,000	–	100%	Provision of security guarding services
Shenzhen Guanhui Jiye Property Management Limited#	PRC	RMB1,000,000	–	100%	Provision of security guarding and property management services
Jingwudun Security Management Group Co., Limited (Formerly known as Shandong Zhong Jun Wei Shi Security Group Co., Limited)#	PRC	RMB10,000,000	–	51%	Provision of security guarding services
Shenzhen Jiuli Investment Advisory Co., Ltd. #	PRC	RMB24,734,390	–	100%	Provision of business advisory and asset management services
Huaqing Huili Commercial Consultation (Shanghai) Company Limited#	PRC	RMB752,000	–	100%	Provision of asset management services
Huili Asset Management (Zhuhai) Co., Limited #	PRC	RMB11,250,000	–	100%	Provision of asset management services
Guangzhou Huiyu Commercial Co. Limited#	PRC	RMB1,000,000	–	100%	Investment holding

30. SUBSIDIARIES – CONTINUED

(a) General information of subsidiaries as at 3 March 2022 – Continued

Name of subsidiaries	Place of incorporation/ operations	Issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company Directly	Indirectly	Principal activities
Shenzhen Zeli Investment Limited#	PRC	RMB1,000,000	–	100%	Investment holding
Shenzhen Huili Investment Limited#	PRC	RMB20,000,000	–	100%	Provision of asset management services
Beijing Huili Commercial Management Co., Limited *#	PRC	RMB1,000,000	–	100%	Provision of asset management services
Shandong Guanhui Commercial Development Co. Limited *#	PRC	USD30,000,000	–	100%	Inactive
Shandong Guanhui Business Service Co., Ltd. *#	PRC	USD30,000,000	–	100%	Inactive
Shandong Guanhui Education Consultation Co., Ltd.#	PRC	USD30,000,000	–	100%	Inactive
Shandong Guanhui Property Management Co., Ltd.#	PRC	USD30,000,000	–	100%	Inactive
Weifang Guanhui Jiye Education Investment Co., Ltd.#	PRC	RMB1,000,000	–	100%	Inactive
Shandong Zhicheng Economic Consultation Service Co., Ltd.#	PRC	RMB7,819,459	–	51%	Provision of security guarding services

* These subsidiaries were incorporated during the year.

The English names are translated for identification purpose only.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

30. SUBSIDIARIES – CONTINUED

(b) Material non-controlling interests

Jingwudun, a 51% owned subsidiary of the Company, and Shandong Zhicheng, a 51% owned subsidiary of the Company, has material non-controlling interests ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the NCI of Jingwudun, before intra-group eliminations, is presented below:

	2022 HK$'000	2021 HK$'000
NCI percentage	**49**	49
As at 31 March		
Non-current assets	**5,606**	5,951
Current assets	**2,369**	2,483
Current liabilities	**(7,275)**	(6,458)
Net assets	**700**	1,976
Equity attributable to		
Owners of the Company	**357**	1,008
NCI	**343**	968
	700	1,976
Carrying amount of NCI	**343**	968
For the year ended 31 March		
Revenue	**6,094**	9,128
Loss for the year	**(1,332)**	(4,137)
Other comprehensive income	**57**	85
Total comprehensive income	**(1,275)**	(4,052)
Loss allocated to NCI	**(653)**	(2,027)
Dividends paid to NCI	**–**	–
For the year ended 31 March		
Cash flows from operating activities	**158**	(385)
Cash flows from investing activities	**–**	–
Cash flows from financing activities	**–**	–
Net cash inflows/(outflows)	**158**	(385)

30. SUBSIDIARIES – CONTINUED

(b) Material non-controlling interests – Continued

Summarised financial information in relation to the NCI of Shandong Zhicheng, before intra-group eliminations, is presented below:

	2022 HK$'000
NCI percentage	**49**
As at 31 March	
Non-current assets	**3,045**
Current assets	**1,199**
Current liabilities	**(10,833)**
Net liabilities	**(6,589)**
Equity attributable to	
Owners of the Company	**(3,361)**
NCI	**(3,228)**
	(6,589)
Carrying amount of NCI	**(3,228)**
For the period ended 31 March	
Revenue	**8,628**
Loss for the year	**(6,470)**
Other comprehensive income	**(119)**
Total comprehensive income	**(6,589)**
Loss allocated to NCI	**(3,170)**
Dividends paid to NCI	**–**
For the period ended 31 March	
Cash flows from operating activities	**861**
Cash flows from investing activities	**–**
Cash flows from financing activities	**–**
Net cash inflows	**861**

31. DISPOSAL OF SUBSIDIARIES

(a) On 31 March 2022, the Group entered into an agreement with an independent third party to dispose of the entire equity interest of Guanhui Huyu Technology Limited at a consideration of nil. Loss on disposal amounted to HK$955,000 was analysed as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	6
Prepayments, deposits and other receivables	2,091
Cash at banks and in hand	1
Accruals and other payables	(1,093)
	1,005
Release of exchange reserve upon disposal	(50)
Less: Proceeds from disposal	–
Loss on disposal	955

	HK$'000
Net cash outflow arising on disposal:	
Cash at banks and in hand disposed of	(1)
Net cash outflow	(1)

(b) On 31 March 2022, the Group entered into an agreement with an independent third party to dispose of the entire equity interest of Shiny Lotus Global Limited at a consideration of nil. Loss on disposal amounted to HK$2,000 was analysed as follows:

	HK$'000
Net assets disposed of:	
Prepayments, deposits and other receivables	50
Accruals and other payables	(30)
	20
Less: Proceeds from disposal	–
Loss on disposal	20

31. DISPOSAL OF SUBSIDIARIES – CONTINUED

(c) On 31 March 2022, the Group entered into an agreement with an independent third party to dispose of the entire equity interest of Loyal Salute Limited at a consideration of nil. Gain on disposal amounted to HK$2,480,000 was analysed as follows:

	HK$'000
Net liabilities disposed of:	
Amount due from the non-controlling equity holder	237
Prepayments, deposits and other receivables	218
Cash at banks and in hand	49
Accruals and other payables	(4,508)
	(4,004)
Non-controlling interests	1,886
Release of exchange reserve upon disposal	(362)
Less: Proceeds from disposal	–
Gain on disposal	(2,480)

	HK$'000
Net cash outflow arising on disposal:	
Cash at banks and in hand disposed of	(49)
Net cash outflow	(49)

(d) On 30 March 2021, the Group entered into an agreement with an independent third party to dispose of the entire equity interest of Golden Cross at a consideration of nil. Gain on disposal amounted to HK$44,000 was analysed as follows:

	HK$'000
Net liabilities disposed of:	
Accruals and other payables	(40)
Amounts due to associate	(4)
	(44)
Less: Proceeds from disposal	–
Gain on disposal	44

32. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Directors' emoluments

For the year ended 31 March 2022

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Equity-settled share options expenses HK$'000	Total HK$'000
Executive directors					
Song Xiaoming	11	414	109	–	534
Hon Hoichuen *(note i)*	11	9	12	–	32
Lin Shuxian *(note ii)*	11	339	93	–	443
Song Shiqing	11	317	84	–	412
Non-executive director					
Chung Man Lai	50	–	–	–	50
Independent non-executive directors					
Guan Yan *(note iii)*	50	–	–	–	50
Zhao Jinsong	180	–	–	–	180
Li Zhongfei	180	–	–	–	180
Liu Chengwei *(note iv)*	101	–	–	–	101
Total	605	1,079	298	–	1,982

32. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS – CONTINUED

Directors' emoluments – Continued

For the year ended 31 March 2021

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Equity-settled share options expenses HK$'000	Total HK$'000
Executive directors					
Song Xiaoming	50	258	25	–	333
Pang Xiaoli *(note v)*	20	252	9	–	281
Hon Hoichuen	50	281	20	–	351
Lin Shuxian	50	150	20	–	220
Song Shiqing *(note vi)*	30	169	18	–	217
Non-executive director					
Chung Man Lai	50	–	–	–	50
Independent non-executive directors					
Guan Yan	180	–	–	–	180
Zhao Jinsong	180	–	–	–	180
Li Zhongfei	180	–	–	–	180
Total	790	1,110	92	–	1,992

Notes:

(i) Retired as an executive director with effect from 12 July 2021.

(ii) Resigned as an executive director with effect from 8 April 2022.

(iii) Retired as an independent non-executive director with effect from 12 July 2021.

(iv) Appointed as an independent non-executive director with effect from 10 September 2021.

(v) Resigned as an executive director with effect from 25 August 2020.

(vi) Appointed as an executive director with effect from 25 August 2020.

(vii) Mr. Song Xiaoming, Ms. Song Shiqing, Ms. Lin Shuxian and Mr. Hon Hoichuen waived directors' remuneration for the year ended 31 March 2022 amounting to HK$39,000, HK$39,000, HK$39,000 and HK$3,000 respectively. Except for the above, there was no arrangement under which a director waived or agreed waive any remuneration during the year (2021: Nil).

32. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS – CONTINUED

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, nil (2021: nil) is director of the Company whose emoluments are included in the disclosure of directors' emoluments above. The emoluments of the remaining five individuals (2021: five individuals) were as follows:

	2022 **HK$'000**	2021 HK$'000
Salaries and other emoluments	**5,877**	6,372
Retirement scheme contributions	**262**	97
Equity-settled share options expenses	**–**	–
	6,139	6,469

Their emoluments were within the following bands:

	2022 **Number of** **Individuals**	2021 Number of Individuals
HK$2,000,001 to HK$3,000,000	**1**	1
HK$1,000,001 to HK$2,000,000	**1**	1
Nil to HK$1,000,000	**3**	3
	5	5

During both years ended 31 March 2022 and 2021, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group as compensation for loss of office.

33. CAPITAL COMMITMENTS

As at 31 March 2022, the Group had no capital commitments (2021: nil).

34. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following transactions carried out with related parties during the year:

	Notes	**2022 HK$'000**	2021 HK$'000
Business advisory and asset management services income received from a related company	(a & b)	**1,169**	1,751
Interest paid to a director of a subsidiary, Mr. Fu Yik Lung	(a)	**2,400**	1,800
Interest paid to related parties	(a & c)	**5**	46

Notes:

(a) The transactions above were carried out on the terms agreed between the relevant parties.

(b) Transaction with Shenzhen Great Walle Capital Management Co., Ltd., a company controlled by the common shareholder.

(c) Transactions with Greatwalle Holding Limited and Shenzhen Great Walle, immediate holding company and ultimate holding company.

(ii) Compensation of key management personnel

	2022 HK$'000	2021 HK$'000
Short-term employee benefits	**5,885**	6,450
Post-employment benefits	**334**	128
	6,219	6,578

34. RELATED PARTY TRANSACTIONS – CONTINUED

(iii) Balances with related parties

	Notes	**2022 HK$'000**	2021 HK$'000
Receivable from/(payable to)			
Shenzhen Great Walle, ultimate holding company	(a)	**(44)**	(2,227)
Shenzhen Great Walle, ultimate holding company	(a)	**–**	345
Greatwalle Holding Limited, immediate holding company	(b)	**(2,050)**	(68,500)
Greatwalle Capital Limited, a fellow subsidiary	(c)	**102**	–
Shenzhen Great Walle Capital Management Co., Ltd., a fellow subsidiary	(d)	**(190)**	(758)
Ms. Song Shiqing, a director of the Company	(e)	**(150)**	–
Mr. Fu Yik Lung, a director of a subsidiary	(f)	**(24,790)**	(20,150)

(a) Balance with Shenzhen Great Walle, ultimate holding company, represented the loan from ultimate holding company of HK$44,000 (2021: HK$2,227,000) (note 18(b)(ii) and amount due from ultimate holding company (note 18(b)(iii)).

(b) Balance with Greatwalle Holding Limited, immediate holding company, represented the loan from immediate holding company of HK$2,050,000 (2021: HK$68,500,000) (note 18(b)(i)).

(c) Balance with Greatwalle Capital Limited, a company controlled by the common shareholder, represented the amount due from a fellow subsidiary (note 18(b)(iii)).

(d) Balance with Shenzhen Great Walle Capital Management Co., Ltd., a company controlled by the common shareholder, represented the amount due to a fellow subsidiary (note 18(b)(iii)).

(e) Balance with Ms. Song Shiqing, a director of the Company, represented the amount due to a director (note 18(b)(iii)).

(f) Balance with Mr. Fu Yik Lung, a director of a subsidiary, represented promissory note payable and its accrued interests of HK$20,150,000 (2021: HK$20,150,000) (note 23) in total and amount due to director of a subsidiary of HK$4,640,000 (2021: Nil) (note 18(b)(iii)).

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities:

	2022 HK$'000	2021 HK$'000
Financial assets		
Non-current		
Financial assets measured at amortised cost		
– Amount due from the non-controlling equity holder of a subsidiary	**–**	228
Current		
Financial assets measured at amortised cost:		
– Trade receivables	**7,594**	12,093
– Deposits and other receivables	**4,427**	2,760
– Amount due from a related party	**102**	345
– Cash at banks and in hand	**69,987**	85,010
	82,110	100,208
	82,110	100,436
Financial liabilities		
Current		
Financial liabilities measured at amortised cost:		
– Trade payables	**1,179**	5,114
– Accrued expenses and other payables	**15,379**	15,712
– Loans from related parties	**2,094**	70,727
– Amounts due to related parties	**4,980**	758
– Promissory note payable	**20,150**	20,150
– Borrowings	**6,618**	6,313
	50,400	118,774
Lease liabilities		
– Current	**5,117**	789
– Non-current	**14,675**	337
	19,792	1,126

36. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risks (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors meet regularly to identify and evaluates risks and formulates strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Foreign currency risk

The Group has transactional and translational currency exposures. These exposures arise from expenses incurred by operating units in currencies other than the units' functional currencies. The Group's monetary assets, monetary liabilities, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (Decrease) in RMB rate %	(Decrease)/ Increase in loss before tax HK$'000	Increase/ (Decrease) in equity/Capital deficiency HK$'000
2022			
If Hong Kong dollar weakens against RMB	**5**	**(985)**	**2,200**
If Hong Kong dollar strengthens against RMB	**(5)**	**985**	**(2,200)**
2021			
If Hong Kong dollar weakens against RMB	5	(441)	3,810
If Hong Kong dollar strengthens against RMB	(5)	441	(3,810)

Interest rate risk

Loans from related parties, promissory loan note, lease liabilities and borrowings were issued at fixed rates which expose the Group to fair value interest-rate risk. The Group has no interest-rate risk as there are no borrowings which bear floating interest rates. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

36. FINANCIAL RISK MANAGEMENT – CONTINUED

Credit risk

The Group's exposure to credit risk related to the financial assets summarised in the note 35. Details of the Group's exposures to credit risk on trade and other receivables and amount due from a related party are disclosed in notes 20 and 18.

The Group's bank balances are all deposited with licensed banks in Hong Kong and the PRC.

For the year ended 31 December 2022, the Group has concentration of credit risk as 77.4% and 55.2% (2021: 80.6% and 44.9%) of the total trade receivables are due from the Group's five largest and largest trade customers.

Other than those described above, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are extended to certain customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at that reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policies have been followed by the Group during the year and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

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

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables:

31 March 2022	**Expected loss rates %**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**0.11**	**5,814**	**6**
1-30 days past due	**0.55**	**948**	**5**
31-90 days past due	**1.1**	**505**	**6**
91-180 days past due	**11.0**	**139**	**15**
181-365 days past due	**55.0**	**490**	**270**
More than 365 days past due	**100.0**	**5,118**	**5,118**
		13,014	**5,420**

31 March 2021	Expected loss rates %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.11	9,057	10
1-30 days past due	0.55	716	4
31-90 days past due	1.1	958	10
91-180 days past due	11.0	743	82
181-365 days past due	55.0	1,610	885
More than 365 days past due	100.0	3,003	3,003
		16,087	3,994

36. FINANCIAL RISK MANAGEMENT – CONTINUED

Credit risk – Continued

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

The Group has adopted general approach to measure ECLs on financial assets including deposits and other receivables and other financial assets at amortised costs. Under the general approach, the Group applies the "3-stage" impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

– Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

– Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

– Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs.

When determining whether the risk of default has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit risk assessment and including forward-looking information.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the debtor;

(b) a breach of contract, such as a default or past due event;

(c) granting a concession to the debtors that the lender would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or

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

36. FINANCIAL RISK MANAGEMENT – CONTINUED

Credit risk – Continued

The measurement of ECLs 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 of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of industry trend and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

The following table provides information about the Group's exposure to credit risk and ECLs for loan and other receivables as at 31 March 2022 and 2021:

	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Gross carrying amount HK$'000**	**Loss allowances HK$'000**
As at 31 March 2022					
Deposits and other receivable	**4,427**	**–**	**–**	**4,427**	**–**
Amount due from a related party	**102**	**–**	**–**	**102**	**–**
	4,529	**–**	**–**	**4,529**	**–**

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Gross carrying amount HK$'000	Loss allowances HK$'000
As at 31 March 2021					
Amount due from the non-controlling equity holder of a subsidiary	–	2,260	–	2,260	2,032
Deposits and other receivable	2,760	–	123	2,883	123
Amount due from a related party	345	–	–	345	–
	3,105	2,260	123	5,488	2,155

36. FINANCIAL RISK MANAGEMENT – CONTINUED

Credit risk – Continued

Movement in the loss allowance accounts in respect of trade receivables, amount due from the non controlling equity holder of a subsidiary, deposits and other receivables during the year is as follows:

	Trade receivables HK$'000	Amount due from the non-controlling equity holder of a subsidiary HK$'000	Deposits and other receivable HK$'000	Total HK$'000
Balance at 1 April 2020	413	1,875	123	2,411
Impairment losses recognised during the year (ECL – matrix)	3,610	–	–	3,610
Exchange realignment	(29)	157	–	128
Balance at 31 March 2021 and 1 April 2021	3,994	2,032	123	6,149
Disposal of subsidiaries	–	(2,032)	(123)	(2,155)
Impairment losses recognised during the year (ECL – matrix)	1,283	–	–	1,283
Exchange realignment	143	–	–	143
Balance at 31 March 2022	5,420	–	–	5,420

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables, accrued liabilities, other payables, loans from related parties, amount due to related parties, promissory note payable, borrowings and lease liabilities, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group during the year and are considered by the directors to have been effective in managing liquidity risk.

36. FINANCIAL RISK MANAGEMENT – CONTINUED

Liquidity risk – Continued

Analysed below is the Group's remaining contractual maturities at the end of the reporting period of the Group's financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group are required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group are committed to pay.

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years and not later than five years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 March 2022					
Non-derivatives:					
Trade payables	**1,179**	**–**	**–**	**1,179**	**1,179**
Accrued expenses and other payables	**15,379**	**–**	**–**	**15,379**	**15,379**
Loans from related parties	**2,094**	**–**	**–**	**2,094**	**2,094**
Amounts due to related parties	**4,980**	**–**	**–**	**4,980**	**4,980**
Lease liabilities	**5,213**	**5,726**	**9,210**	**20,149**	**19,792**
Promissory note payable	**20,150**	**–**	**–**	**20,150**	**20,150**
Borrowings	**6,618**	**–**	**–**	**6,618**	**6,618**
	55,613	**5,726**	**9,210**	**70,549**	**70,192**

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amounts HK$'000
As at 31 March 2021				
Non-derivatives:				
Trade payables	5,114	–	5,114	5,114
Accrued expenses and other payables	15,712	–	15,712	15,712
Loans from related parties	70,749	–	70,749	70,727
Amounts due to related parties	758	–	758	758
Lease liabilities	816	340	1,156	1,126
Promissory note payable	20,150	–	20,150	20,150
Borrowings	6,467	–	6,467	6,313
	119,766	340	120,106	119,900

37. FAIR VALUE MEASUREMENTS

Fair values of the Group's financial assets and liabilities measured at amortised cost are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments.

The following table provides an analysis of financial instruments carried at fair value by level of the Fair Value Hierarchy:

Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2: Fair value measured based on valuation techniques using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs.

Level 3: Fair value measured based on valuation techniques using significant unobservable inputs (i.e. not derived from market data).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 March 2021				
Financial liabilities				
Financial liabilities at fair value through profit or loss:				
– Contingent consideration payable *(note 25)*	–	–	–	–

Information about level 3 for fair value measurements

Contingent consideration payable

On 26 September 2019, the Group entered into a sale and purchase agreement with the Vendor for the acquisition of 51% equity interest in Jingwudun Security Management Group Co., Limited ("Jingwudun"). As set out in the agreement, the maximum amount of the contingent considerable payable to the Vendor is RMB3,600,000. The contingent consideration is payable to the Vendor following three year from the date of completion of the acquisition, and is subject to a revenue requirement that the aggregate total revenue of Jingwudun for the period from 1 October 2019 to 31 March 2020 and two financial years ending 31 March 2021 and 2022 shall not be less RMB60 million (the "Guaranteed Revenue"). If the Guaranteed Revenue is not achieved, the Group shall be exempted from the obligation to pay the any part of the contingent consideration to the Vendor.

The fair value of the contingent consideration payable was estimated by management of the Group with reference to valuation performed by independent firm of professional valuers based on the estimated probability that Jingwudun could meet the Guaranteed Revenue and the discount rate used in calculating in the present value of the contingent consideration payable.

37. FAIR VALUE MEASUREMENTS – CONTINUED

Information about level 3 for fair value measurements – Continued

Contingent consideration payable – Continued

The key unobservable inputs in calculating the fair value of the contingent consideration payable were the revenue forecast of Jingwudun for the two years ended 31 March 2022 and 2021 and the discount rate.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2022 **HK$'000**	2021 HK$'000
Contingent consideration payable		
At 1 April	**–**	2,033
Fair value change on contingent consideration payable recognised in profit or loss during the year	**–**	(2,250)
Exchange realignment	**–**	217
At 31 March	**–**	–

There were no transfers between levels during the year.

38. CAPITAL 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 throughout the year.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital using a gearing ratio, which is net debt divided by capital deficiency attributable to owners of the Company. Net debt includes promissory note payable, loans from and amounts due to related parties, borrowings and lease liabilities less cash and cash equivalents. The Group's policy is to maintain a gearing ratio at a reasonable level.

38. CAPITAL MANAGEMENT – CONTINUED

The gearing ratios as at the end of the reporting periods were as follows:

	2022 **HK$'000**	2021 HK$'000
Promissory note payable	**20,150**	20,150
Loans from related parties	**2,094**	70,727
Amounts due to related parties	**4,980**	758
Borrowings	**6,618**	6,313
Lease liabilities	**19,792**	1,126
Total debt	**53,634**	99,074
Less: Cash and cash equivalents	**(69,987)**	(85,010)
Net debt	**(16,353)**	14,064
Equity/(Capital deficiency) attributable to owners of the Company	**33,763**	(3,338)
Gearing ratio	**N/A**	N/A

39. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

In additional to those disclosed elsewhere in the consolidated financial statements, the Group had the following major non-cash transactions:

During the year, equity-settled share option expenses of HK$2,390,000 (2021: nil) were charged to profit or loss (note 28).

39. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

(b) Reconciliation of liabilities arising from financing activities

	Loans from related parties (note 18(b)) HK$'000	Amounts due to related parties (note 18(b)) HK$'000	Promissory note payable (note 23) HK$'000	Lease liabilities (note 22) HK$'000	Borrowings (note 24) HK$'000	Total HK$'000
At 1 April 2020	6,976	1,879	22,550	421	–	31,826
Changes from financing cash flows:						
Proceeds from loans from related parties	70,681	–	–	–	–	70,681
Proceeds from borrowings	–	–	–	–	6,202	6,202
Repayments of loans from related parties	(6,976)	–	–	–	–	(6,976)
Repayments of amounts due to related parties	–	(1,121)	–	–	–	(1,121)
Lease payments	–	–	–	(969)	–	(969)
Interest paid	–	–	(1,800)	–	(265)	(2,065)
Total changes from financing cash flows	63,705	(1,121)	(1,800)	(969)	5,937	65,752
Other changes:						
Additions	–	–	–	1,639	–	1,639
Accrued interests *(note 9)*	46	–	1,800	35	376	2,257
Gain on modification of terms of promissory note	–	–	(2,400)	–	–	(2,400)
Total other changes	46	–	(600)	1,674	376	1,496
At 31 March 2021 and 1 April 2021	**70,727**	**758**	**20,150**	**1,126**	**6,313**	**99,074**
Changes from financing cash flows:						
Repayments of loans from related parties	(2,185)	–	–	–	–	(2,185)
Proceeds from loans from related parties	2,047	–	–	–	–	2,047
Increase in amounts due to related parties	–	4,222	–	–	–	4,222
Lease payments	–	–	–	(3,551)	–	(3,551)
Interest paid	–	–	(2,400)	–	(241)	(2,641)
Total changes from financing cash flows	(138)	4,222	(2,400)	(3,551)	(241)	(2,108)
Other changes:						
Additions	–	–	–	21,713	–	21,713
Accrued interests *(note 9)*	5	–	2,400	154	546	3,105
Issue of shares under subscription	(68,500)	–	–	–	–	(68,500)
Exchange realignment	–	–	–	350	–	350
Total other changes	(68,495)	–	2,400	22,217	546	(43,332)
At 31 March 2022	**2,094**	**4,980**	**20,150**	**19,792**	**6,618**	**53,634**

FIVE YEARS' FINANCIAL SUMMARY

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

FINANCIAL RESULTS

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**56,946**	62,035	41,150	36,902	111,807
Gross profit/(loss)	**1,281**	5,504	9,099	(1,425)	14,452
Loss before income tax	**(39,350)**	(18,839)	(38,884)	(88,430)	(82,339)
Loss for the year	**(39,342)**	(18,999)	(38,899)	(88,473)	(81,551)
Attributable to:					
Owners of the Company	**(35,506)**	(16,959)	(38,806)	(85,171)	(74,705)
Non-controlling interests	**(3,836)**	(2,040)	(93)	(3,302)	(6,846)
	(39,342)	(18,999)	(38,899)	(88,473)	(81,551)

ASSETS AND LIABILITIES

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**18,739**	15,008	15,037	10,843	58,121
Current assets	**82,388**	100,671	42,965	50,664	37,245
Current liabilities	**55,517**	119,563	62,237	36,048	34,616
Non-current liabilities	**14,675**	337	2,033	–	–
Net assets/(liabilities)	**30,935**	(4,221)	(6,268)	25,459	60,750
Total equity/(capital deficiency) attributable to:					
Owners of the Company	**33,763**	(3,338)	(7,203)	27,339	59,230
Non-controlling interests	**(2,828)**	(883)	935	(1,880)	1,520
	30,935	(4,221)	(6,268)	25,459	60,750