DADI INTERNATIONAL GROUP LIMITED
大地國際集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8130)

ANNOUNCEMENT OF THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

Reference is made to (i) the announcement (the "**Unaudited Annual Results Announcment**") of Dadi International Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 30 June 2022 in relation to the unaudited annual results (the "**Unaudited Annual Results**") of the Group for the year ended 31 March 2022 (the "**Year**"); (ii) the announcement of the Company dated 12 August 2022 in relation to the further delay in the publication of the announcement (the "**2022 Annual Results Announcement**") for the audited annual results of the Group for the Year (the "**2022 Audited Annual Results**") and despatch of the 2022 annual report of the Company (the "**2022 Annual Report**"); and (iii) the announcement (and together with the Unaudited Annual Results Announcement, the "**Announcements**") of the Company dated 22 August 2022 in relation to the grant of waiver by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") from strict compliance with the requirements under Rules 18.03, 18.48A and 18.50C of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") on the basis that the Company will despatch the 2022 Annual Report on or before the date of this announcement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

AUDITED ANNUAL RESULTS

The Board is pleased to announce that the Auditors, Messrs. HLB Hodgson Impey Cheng Limited, has completed its audit of the 2022 Audited Annual Results in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This announcement, containing the full text of the 2022 Annual Report, complies with the relevant requirements of the GEM Listing Rules in relation to information to accompany preliminary announcements of annual results.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed by the Auditors as at the date of its publication and subsequent adjustments have been made to such financial information, Shareholders and potential investors of the Company are advised to pay attention to certain differences between the Unaudited Annual Results and the 2022 Audited Annual Results. Set out below are major details and reasons for the material differences between those financial information in accordance with Rule 18.50A of the GEM Listing Rules.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Disclosure in this announcement *HK$'000* **(Audited)**	Disclosure in the Unaudited Annual Results Announcement *HK$'000* (Unaudited)	Differences *HK$'000*	*Notes*
Revenue	**37,961**	37,961	–	
Cost of sales	**(19,492)**	(19,528)	36	*1*
Gross profit	**18,469**	18,433	36	
Other income and gains or losses, net	**3,057**	2,947	110	*2*
Gain on disposal of a subsidiary	**–**	260	(260)	*3*
Administrative expenses	**(44,908)**	(45,921)	1,013	*1*
Allowance for expected credit losses, net	**(300,716)**	–	(300,716)	*4*
Impairment loss recognised in respect of property, plant and equipment	**(260)**	–	(260)	*5*
Impairment loss recognised in respect of right-of-use assets	**(397)**	–	(397)	*5*
Impairment loss recognised in respect of intangible asset	**–**	–	–	
Impairment loss recognised in respect of goodwill	**–**	–	–	
Share of gain of an associate	**139**	139	–	
Loss from operations	**(324,616)**	(24,142)	(300,474)	
Finance costs	**(52,527)**	(52,643)	116	*6*
Loss before taxation	**(377,143)**	(76,785)	(300,358)	
Income tax expense	**(1,337)**	(1,337)	–	
Loss for the year	**(378,480)**	(78,122)	(300,358)	
Other comprehensive income/(expense) for the year				
Item that will not be reclassified to profit or loss:				
Fair value gain on financial assets at fair value through other comprehensive income	**6,900**	–	6,900	*7*
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	**29,640**	8,411	21,229	
Reclassification of cumulative translation reserve upon disposal of a foreign operation	**–**	(260)	260	*3*
Share of other comprehensive income of an associates, net of income tax	**12**	12	–	
Other comprehensive income for the year, net of income tax	**36,552**	8,163	28,389	
Total comprehensive expense for the year	**(341,928)**	(69,959)	(271,969)	
Loss for the year attributable to:				
Owners of the Company	**(217,838)**	(52,840)	(164,998)	
Non-controlling interests	**(160,642)**	(25,282)	(135,360)	
	(378,480)	(78,122)	(300,358)	
Total comprehensive expense for the year attributable to:				
Owners of the Company	**(184,505)**	(47,856)	(136,649)	
Non-controlling interests	**(157,423)**	(22,103)	(135,320)	
	(341,928)	(69,959)	(271,969)	
Loss per share				
Basic and diluted	**HK(5.98) cents**	HK(1.45) cents	(4.53) cents	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Disclosure in this announcement *HK$'000* **(Audited)**	Disclosure in the Unaudited Annual Results Announcement *HK$'000* (Unaudited)	Differences *HK$'000*	*Notes*
Non-current assets				
Property, plant and equipment	**272**	455	(183)	*5*
Right-of-use assets	**2,462**	2,772	(310)	*5*
Intangible assets	**–**	79	(79)	*8*
Goodwill	**6,688**	6,688	–	
Financial assets at fair value through other comprehensive income	**46,737**	39,156	7,581	*7*
Investment in an associate	**–**	–	–	
	56,159	49,150	7,009	
Current assets				
Inventories	**1,745**	1,745	–	
Trade, bills and other receivables, deposits and prepayments	**975,203**	1,286,494	(311,291)	*4*
Deposit for film production	**30,879**	31,421	(542)	*4*
Deposit for purchase of film rights	**4,131**	4,203	(72)	*4*
Financial assets at fair value through profit or loss	**2**	2	–	
Bank balances and cash	**16,854**	16,854	–	
	1,028,814	1,340,719	(311,905)	
Current liabilities				
Trade and other payables	**361,323**	393,817	(32,494)	*9*
Borrowings	**652,660**	36,574	(616,086)	*10*
Lease liabilities	**2,776**	2,946	(170)	*6*
Tax payable	**41,912**	41,912	–	
	1,058,671	475,249	583,422	
Net current (liabilities)/assets	**(29,857)**	865,470	(895,327)	
Total assets less current liabilities	**26,302**	914,620	(888,318)	

	Disclosure in this announcement *HK$'000* **(Audited)**	Disclosure in the Unaudited Annual Results Announcement *HK$'000* (Unaudited)	Differences *HK$'000*	*Notes*
Non-current liabilities				
Borrowings	**–**	616,515	(616,515)	*10*
Lease liabilities	**219**	–	219	*6*
	219	616,515	(616,296)	
Net assets	**26,083**	298,105	(272,022)	
Capital and reserves				
Share capital	**36,406**	36,406	–	
Reserves	**158,467**	295,126	(136,659)	
Equity attributable to owners of the Company	**194,873**	331,532	(136,659)	
Non-controlling interests	**(168,790)**	(33,427)	(135,363)	
Total equity	**26,083**	298,105	(272,022)	

Notes:

The differences are mainly due to:

1. cut-off adjustments on cost of sales and administrative expenses;

2. reclassification of other losses;

3. adjustments on recognition of gain on disposal of a subsidiary to the capital contribution reserve;

4. provision of expected credit losses in respect of trade, bills and other receivables, deposits and prepayments, as well as deposit for film production and deposit for purchase of film rights;

5. provision of impairment on property, plant and equipment and right-of-use assets;

6. adjustments on amortisation of lease liabilities and the corresponding interests;

7. fair value adjustment on financial assets at fair value through other comprehensive income;

8. reclassification of intangible assets;

9. reclassification of other payables; and

10. reclassification of borrowings from non-current liabilities to current liabilities.

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the Year:

"OPINION

We have audited the consolidated financial statements of Dadi International Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), 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 ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 4 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$378,480,000 for the year ended 31 March 2022 and, as of that date, the Group's current liabilities exceeded its current assets by HK$29,857,000. Further, the Group had defaulted borrowings of approximately HK$652,660,000. These events or conditions, along with other matters as set forth in note 4 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Year (FY2021: nil).

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group, review of the Group's consolidated financial statements and review of the relationship with the auditors of the Company. The Audit Committee comprises of three independent non-executive Directors, namely, Mr. Law Yui Lun, who is the chairman of the Audit Committee, Dr. Zhang Wei and Dr. Jin Lizuo, and a non-executive Director, Mr. Zhang Xiongfeng.

The Audit Committee has reviewed with the Group's management the accounting principles and practices adopted by the Group. The Audit Committee has also reviewed the 2022 Audited Annual Results and is of the view that the preparation of such statements complied with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements and that adequate disclosure has been made.

REVIEW OF THE RESULTS ANNOUNCEMENT AND SCOPE OF WORK OF AUDITORS

The 2022 Audited Annual Results have been reviewed by the Audit Committee and approved by the Board. The figures in respect of the preliminary announcement of the Group's 2022 Audited Annual Results have been agreed by the Auditors to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standard on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standard on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditors on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DESPATCH OF ANNUAL REPORT

The 2022 Annual Results Announcement will be published on the HKEXnews website (www.hkexnews.hk) and the Company's website (http://www.dadi-international.com.hk), and the 2022 Annual Report will be despatched to the Shareholders and published on the aforementioned websites as at the date of this announcement.

APPRECIATION

The Board would like to once again express its sincere appreciation to the Shareholders, business partners and customers for their continuous support to the Group. The Board would also like to take this opportunity to thank the management team and staff for their hard work and dedication throughout the Year.

By Order of the Board of
Dadi International Group Limited
Fu Yuanhong
Chairman

Hong Kong, 31 August 2022

As at the date of this announcement, the Board comprises of three executive Directors, namely Mr. Qu Zhongrang, Mr. Fu Yuanhong and Mr. Wu Xiaoming, two non-executive Directors, namely Mr. Ju Mengjun and Mr. Zhang Xiongfeng, and three independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Jin Lizuo.

This announcement, for which the directors of the Company 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of its publication and the Company's website at http://www.dadi-international.com.hk.

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 Dadi International Group Limited (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 any other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

3 Corporate Information

5 Chairman’s Statement

6 Management Discussion and Analysis

22 Profile of Directors

26 Corporate Governance Report

35 Report of the Directors

44 Independent Auditors’ Report

50 Consolidated Statement of Profit or Loss and Other Comprehensive Income

52 Consolidated Statement of Financial Position

54 Consolidated Statement of Changes in Equity

56 Consolidated Statement of Cash Flows

58 Notes to the Consolidated Financial Statements

156 Summary of Financial Information

Corporate Information

Executive Directors

Mr. Qu Zhongrang
Mr. Fu Yuanhong *(Chairman)*
Mr. Wu Xiaoming *(Executive Vice Chairman and Chief Executive Officer)*

Non-executive Directors

Mr. Ju Mengjun
Mr. Zhang Xiongfeng

Independent Non-executive Directors

Dr. Zhang Wei
Mr. Law Yui Lun
Dr. Jin Lizuo

Joint Company Secretaries

Mr. Chen Yong
*(resigned with effect from 5 March 2022)**
Ms. Mak Po Man Cherie
*(resigned with effect from 5 March 2022)**
Mr. Hong Kam Le
*(appointed with effect from 5 March 2022)**
Mr. Bai Mingjun
*(appointed with effect from 1 April 2022)**

Compliance Officer

Mr. Fu Yuanhong

Authorised Representatives

Mr. Fu Yuanhong
Ms. Mak Po Man Cherie
*(resigned with effect from 5 March 2022)**
Mr. Hong Kam Le
*(appointed with effect from 5 March 2022)**

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Audit Committee

Mr. Law Yui Lun *(Chairman)*
Mr. Zhang Xiongfeng
Dr. Zhang Wei
Dr. Jin Lizuo

Remuneration Committee

Dr. Zhang Wei *(Chairman)*
Mr. Fu Yuanhong
Mr. Wu Xiaoming
Mr. Law Yui Lun
Dr. Jin Lizuo

Nomination Committee

Mr. Fu Yuanhong *(Chairman)*
Dr. Zhang Wei
Mr. Law Yui Lun
Dr. Jin Lizuo

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

* Mr. Chen Yong resigned from the position as a joint company secretary of the Company, and Ms. Mak Po Man Cherie resigned from the position as a joint company secretary and an authorised representative of the Company with effect from 5 March 2022. Consequently, Mr. Hong Kam Le has been appointed as a joint company secretary and an authorised representative of the Company with effect from 5 March 2022, and Mr. Bai Mingjun has been appointed as a joint company secretary of the Company with effect from 1 April 2022. Please refer to the section headed "Corporate Governance Report – Joint Company Secretaries" in this annual report and the announcements of the COmpany dated 4 March 2022 and 1 April 2022 for details.

Corporate Information

Legal Advisers

As to Hong Kong Law
DLA Piper Hong Kong

As to Bermuda Law
Conyers Dill and Pearman

Head Office and Principal Place of Business in Hong Kong

Unit 1504-1506, 15th Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

Principal Bankers

Hang Seng Bank Limited
China Construction Bank (Asia) Corporation Limited

Corporate Website

http://www.dadi-international.com.hk

GEM Stock Code

08130

Chairman's Statement

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of the Company, I hereby present the results of the Group for the year ended 31 March 2022 (the "Year").

The year of 2022 remains to be an exceedingly difficult year for both the world and the Group. The lasting impact of the COVID-19 pandemic is much longer than expected, and so far the global economy is still under its severe impact. The Group had also suffered from such impact and faced with adverse operating conditions. Upon the completion of the acquisition of Shanxi Jinxin Keyuan Environmental Protection Science and Technology Company Limited（山西晉新科源環保科技有限公司）("Jinxin Keyuan") by the Group on 9 February 2021, during the Year, the Group had been successful in expanding the scale of operation in its environmental consultancy business. Whilst actively expanding its nuclear and radiation monitoring business for the electricity supply industry, the Group expanded its service offerings in relation to stone mine restoration, soil remediation and comprehensive utilisation of mine solid waste businesses. At the same time, the COVID-19 pandemic has raised the public's attention towards healthcare industry in general. The Group explored profitable markets and developed presence and expertise in these areas by taking this opportunity to leverage its current resources and network, commenced the sales of healthcare product business segment during the Year, introduced various healthcare products from overseas markets for sales in the People's Republic of China (the "PRC") through electronic platforms.

During the Year, the Group recognised revenue from its operations in relation to the publication, purchase and distribution of books, provision of environmental consultancy services and sales of healthcare products. The Group recorded a year-on-year decrease of approximately 93.8% in terms of its revenue for the Year in the amount of approximately HK$38.0 million when compared with that for the year ended 31 March 2021 ("FY2021") in the amount of HK$616.0 million. The decrease in the revenue of the Group for the year was mainly attributable to the forced scale-back of its operations in the publication, purchase and distribution of books business due to the tightened cash flow and nearly stalled settlement of payments and receivables along the industry chain, partially offset by the increase in revenue generated from the expanding environmental consultancy services business of the Group for the Year. The Group recorded a loss for the Year attributable to owners of the Company in the amount of HK$217.8 million, when compared to that of HK$152.5 million for FY2021. Such loss was recognised against the background of the generally adverse operating environment of the books publication, purchase and distribution industry as mentioned above, and net allowance for expected credit loss ("ECL") in relation to the receivables of certain downstream book distributors is recognised in accordance with the applicable accounting standards, details of which are set out in the section headed "Management Discussion and Analysis – Financial Review" in this annual report.

Since the beginning of 2022, with the COVID-19 pandemic gradually brought under control in the PRC domestically, the economy commenced its rebounding process. Although the overall economic situation is still not optimistic, the Group is full of confidence in the PRC's economic prospect and long-term sustained and stable growth, and will seize this opportunity to increase its investment in environmental consultancy services sector alongside with maintaining its current business performance on publication, purchase and distribution of books, explore markets for the healthcare product business, and strive to make greater improvement in its operating performance during the Year.

Finally, I would like to thank our Board members, management and staff for their contributions to the Group. I would also like to extend my sincere gratitude to our shareholders, business partners, customers and suppliers for their continued support.

Fu Yuanhong
Chairman

Management Discussion and Analysis

General

During the Year, the Group is principally engaged in the publication, purchase and distribution of books, provision of environmental consultancy services as well as sales of healthcare products.

Business Overview

Industry Overview

Books Industry

In recent years, the PRC has implemented a series of major construction projects for primary and secondary education such as "the transformation of school with poor condition" and "the balanced compulsory education of up to standard", aiming at comprehensively improving the basic operating conditions for primary schools and secondary schools. At the same time, education authorities at all levels have also begun to appreciate the impact and role of libraries in primary and secondary schools in school education. On 15 October 2019, the Department of Basic Education under the Ministry of Education promulgated the Notice on Launching Campaign for the Review and Cleanup of Libraries in Primary and Secondary Schools (《關於開展全國中小學圖書館審查清理專項行動的通知》), which required the review and clean-up of obsolete books supplied by libraries in primary and secondary schools, with the Recommended Book List for Libraries in Primary and Secondary Schools Nationwide (《全國中小學圖書館(室)推薦書目》) as the major reference basis for the supply of books by libraries. Such campaign will accelerate the clean-up and update of books supplied by libraries in primary and secondary schools. In March 2021, the Ministry of Education of the PRC issued the Administrative Measures on Introduction of Extracurricular Books into School for Primary and Secondary Students (《中小學生課外讀物進校園管理辦法》), which required a strict regulation over the school books to cultivate a sound environment for the healthy growth of primary and secondary students. With the expected gradual reduction of the impact from the COVID-19 pandemic, the books industry, being the key pillars for the establishment of the spiritual civilization, shall encounter increased new business opportunities in the future.

Environmental Protection Service Industry

In November 2016, the State Council issued the 13th Five-Year Plan for Ecological and Environmental Protection (《「十三五」生態環境保護規劃》), which illustrated the direction for the PRC's ecological and environmental protection work in the next five years. In March 2017, the State Council approved the 13th Five-Year Plan for Nuclear Safety and Radioactive Pollution Prevention and Control with the Vision 2025 (《核安全與放射性污染防治「十三五」規劃及二零二五年遠景目標》), clearly defining the new directions and goals for the nuclear safety and the prevention and control of radioactive pollution during the period of the 13th Five-year Plan. Both plans clearly propose "strengthening the supervision and management of associated radioactive mines", "ensuring the radiation environmental safety of associated radioactive mines", and "strengthening the radiation environmental management of associated radioactive mines", placing the safety management of the radiation environment of associated radioactive mines and the prevention and control of radioactive pollution to an unprecedented position. In this context, the relevant market potential will continue to grow.

In respect of telecommunication base stations, there are more than 5 million base stations to service the 4G networks in China, while the 5G network would need to support 1 million devices per square kilometer, the network construction must be very dense, requiring a large number of small base stations to support the network infrastructure. Pursuant to the Notice on Issuing the Memorandum of Environmental Protection Work for Communication Base Stations (《關於印發通信基站環境保護工作備忘錄的通知》), it is clearly stipulated in the Shanxi Province Communication Facilities Construction and Protection Regulations (《山西省通信設施建設與保護條例》), the construction unit of communication facilities shall assess the level of the electromagnetic radiation of the communication base station, publish the test results to the public, and be responsible for the authenticity of the test results. Therefore, as the 5G era approaches, the "four major operators" in the province currently owning and operating a large number of existing mobile communication base stations will further install and put into operation a large number of 5G communication base stations during the 14th Five-Year Plan period. This industry will be the most significant business growth point for the radiation testing services. In addition, radio and television transmitting stations and numerous meteorological radars and navigation radar stations in Shanxi Province shall constitute countless electromagnetic sources, most of which will require completion of the requisite environmental protection procedures, as well as the need to conduct radiation environmental assessment and monitoring.

In respect of the power industry, wind power projects and photovoltaic power generation projects are among the key new energy projects in the PRC, and are the key support projects in the strategic emerging energy development. There are a number of areas in Shanxi Province suitable to build wind farms and install photovoltaic power generation panels. Taking into account of the good development value for wind and solar energy, a large number of wind and solar power plants have been established in recent years. At the same time, as a major energy province, there are a large number of power transmission and transformation facilities in Shanxi Province, with voltage levels of 500kV, 220kV, 110kV AC transmission and transformation, and its 1,000kV UHV transmission and transformation, as well as newly developed DC high-voltage transmission projects. These present a large potential for radiation monitoring demands.

In respect of radiation in general and from nuclear operations, the State has successively established various specifications and standards in 2021, such as the Technical Specification for Radiation Environmental Monitoring (《輻射環境監測技術規範》), the General Regulation of Quality Assurance for Ionizing Radiation Monitoring (《電離輻射監測質量保證通用要求》) and the Technical Specifications for Emergency Monitoring in Radiation Accidents (《輻射事故應急監測技術規範》), providing legal safeguards and basis for the development of the Company's business in respect of environmental assessment and monitoring of nuclear and radiation activities.

While there are no nuclear facilities in Shanxi Province, nuclear technology applications are present in the province. At present, there are 1,459 nuclear technology utilization units in the province, comprising mainly nuclear medicine departments, radiotherapy rooms and diagnostic radiology departments in hospitals, scientific research units for industrial flaw detection, well logging, density and ash analysis, and China Institute for Radiation Protection, in which 3,506 sealed radioactive sources are used, and a large number of radiation devices are equipped. There are also development and utilization of associated radioactive mines. Shanxi Province is a major province of mineral resources, thereby presenting a prominent market potential to strengthen the monitoring of surrounding radiation environment and effluent.

Healthcare Products Industry

With social progress and economic development, human beings are increasingly concerned about their own health. The health consumption level of global residents is rising year by year, and the demand for nutritional and healthcare food remains very strong. Healthcare food is called "functional food" or "healthy food" or "nutritional food" in Europe and the United States, "reformed food" in Germany, "food for specified health use" in Japan, and is included in the "specific nutritional food" category. Countries all over the world attach great importance to the development of healthcare food, and new functions, new products, new presentations and new consumption methods are constantly emerging. The PRC market has significant development potential. In the coming years, there will be 270 million "senior citizens" in the PRC, presenting a clear demand for health products with sufficient spending power. In addition, there is a current trend that promotion for nutrition is being promoted among younger generation. At present, young people in the PRC have some distinctive characteristics such as "loving food, beauty and health", and have strong demand for diet and health, which will effectively expand domestic demand alongside with their increase in income in the future.

With the increase of per capita gross domestic product in the PRC, consumers have undergone fundamental changes in the consumption concept and willingness of healthcare food, and healthcare food will gradually change from discretionary consumption to essential consumer goods in terms of consumption attributes. With the gradual implementation of the National Nutrition Plan (2017-2030) (《國民營養計劃（2017–2030年）》) and the "Healthy China 2030" Planning Outline (《「健康中國2030」規劃綱要》) promulgated by the State Council of the PRC, the big health industry, especially the healthcare food industry, will usher in a golden period in the history in the PRC. The Guiding Opinions on Promoting the Healthy Development of the Food Industry (《關於促進食品工業健康發展的指導意見》) promulgated jointly by the National Development and Reform Commission of the PRC and the Ministry of Industry and Information Technology of the PRC points out that it is necessary to actively carry out food health efficacy evaluation, accelerate the development of infant formula food, food for the elderly and functional food that meet the needs of specific groups, support the development of healthcare products, and engage in the research and development of functional proteins, functional dietary fibers, functional glycogen, functional oils, probiotics, bioactive peptides and other healthcare and healthy foods.

In recent years, healthcare products market in the PRC has witnessed rapid growth. In 2021, the market size of healthcare products in the PRC increased by approximately RMB20.5 billion to approximately RMB270.8 billion compared with 2020, representing a year-on-year increase of 8.19%. Under the background of increasing health awareness and higher market demand, the overall market size of healthcare products in China will continue to expand. It is expected that the size of healthcare products industry in the PRC will reach RMB320 billion in 2023, with significant potential for market development.

Business Review

The outbreak of the novel coronavirus pneumonia ("COVID-19") pandemic had a significant impact on the global economy. The Year had proved to be very difficult for the Group. Despite the challenges imposed by the generally unfavourable economic and industry environment, the Group exhibited resilience in its overall operations over the Year. The Board, together with the support of the management of the Group, strived hard to mitigate the impact of the COVID-19 pandemic on its operations on one hand, and on the other, devoted resources to support the growth of the environmental protection business segment, which is the emerging revenue generator of the Group, and explored new opportunities in promoting the sales of healthcare products.

Publication, Purchase and Distribution of Books

The Group's publication, purchase and distribution of books business segment is generally operated and maintained by its non-wholly owned subsidiary, namely, Dadi Feichi Culture Development (Shanghai) Company Limited (大地飛馳文化發展（上海）有限公司).

The Group issued over 800 genres of books with a total of approximately 400,000 books published and distributed over the Year. The Group recorded sales of approximately HK$2.7 million (FY2021: HK$608.5 million) and a segmental loss of approximately HK$312.8 million (FY2021: HK$39.7 million segmental profit) in respect of its publication, purchase and distribution of books business for the Year. The year-on-year significant decrease of 99.6% in the segmental revenue and the turnaround from segmental profit to segmental loss were mainly attributable to the severe impact suffered from a number of industry participants arising from the continued sporadic outbreak of COVID-19 confirmed cases in various regions in the PRC as a result of the evolvement of the COVID-19 variants over the Year, leading to a nearly stalled settlement of payments and receivables along the industry chain (including those from the Group's downstream customers, namely, the book distributors) and thus tightened cash flows among the industry players and a generalised slowdown in the business and financial performance of the books industry. In such circumstances, the Group, adopting a prudent capital management approach, was forced to temporarily scale down its operations in this business segment. Meanwhile, the Group continued to incur certain direct costs including the costs for book procurement and delivery costs associated with the book distribution over the Year to sustain the segmental operations. In light of the industry circumstances, the Group assessed the credit risk in relation to certain customers in this business segment and recognised impairment losses in relation to the ECL in respect of the receivables from such downstream distributors. Please refer to the section headed "Management Discussion and Analysis – Financial Review – Loss for the Year" in this annual report for details.

Over the Year, the Group had been strengthening its effort to recoup the outstanding receivables from certain downstream distributors as part of its ongoing commitment to maintain its liquidity and financial position to facilitate its business operations and development. For instance, in response to the overall condition of the industry, the Group had launched legal proceedings in the PRC against certain downstream distributors on contractual claims. The Group is paying close attention to the development of the book publication and distribution industry, and is in the course of taking active initiatives to conduct consultations with the authorities and seek legal advice as to any further available course of action to demand immediate settlement of outstanding fees and receivables, and to seek compensation and remedies from the counterparties as and when appropriate.

Environmental Consultancy Services

The environmental consultancy services segment became the major revenue driver of the Group for the Year. Upon the completion of acquisition of Jinxin Keyuan in February 2021, the Group had been successful in expanding the scale of operation in its environmental consultancy business. The management devoted more resources towards the development of its segmental operations and was met with further business opportunities. During the Year, whilst actively expanding its nuclear and radiation monitoring business for the electricity supply industry, the Group expanded its service offerings in relation to stone mine restoration, soil remediation and comprehensive utilization of mine solid waste businesses. Mine remediation and soil remediation services focused on the remediation of the damaged mountains, soil and vegetation left by historical mining activities as well as those sustained in the course of new mining activities through the implementation of holistic technical and commercial solutions; as for comprehensive utilisation of mine solid wastes, wastes generated in the mining process were processed and transformed into construction raw materials, so as to achieve the goal of ecological environmental protection and green mining of local governments and mining enterprises.

This business segment contributed revenue of approximately HK$34.7 million (FY2021: approximately HK$4.2 million), and profit of approximately HK$7.7 million (FY2021: approximately HK$0.6 million) to the Group during the Year, representing a year-on-year increase of approximately 733.1% and 1,190.7% in the segmental revenue and profit, respectively. The substantial increases above were principally attributable to (i) the expansion in the service offerings and projects undertaken by the Group in relation to environmental consultancy services over the Year; and (ii) the relatively small segmental revenue and profit recognised by the Group in FY2021 as the acquisition of the majority interest in Shanxi Jinxin Keyuan, the principal subsidiary of the Group responsible for the provision of environmental protection services, was only completed, and the latter's accounts were only consolidated towards the Group's accounts, by the end of FY2021.

Healthcare Products

The COVID-19 pandemic has raised the public's attention towards healthcare industry in general. The Group, as a continuing initiative to explore profitable markets and develop presence and expertise in these areas taking advantage of its current resources and network, commenced the sales of healthcare product business segment during the Year. The Group introduced various healthcare products from overseas markets for sales in the PRC through electronic platforms. The healthcare products comprised primarily of dietary supplements which aimed to support the metabolism and internal circulation of human beings. Meanwhile, as part of the strategies to expand the target customer group to the younger generations and leveraging on the Group's developing presence in Japan, the Group was introducing chewable functional natto snacks as well as other series of healthcare products featuring functional dietary fiber ingredients as part of its product portfolio to match the youth's trend for the growing support for healthcare and dietary supplements in the PRC.

During the Year, the Group recorded sales of approximately HK$0.3 million (FY2021: nil) and a loss of approximately HK$1.5 million (FY2021: nil) from the sales of healthcare products.

Other Business Segments

During the Year, the Group had minimal operations in the advertising and media related services segment and the financial leasing and other financial service segment. The Group did not recognise any revenue (FY2021: nil) and recorded a loss of approximately HK$19.5 million (FY2021: HK$159.9 million) in relation to the advertising and media related services segment; and recorded a revenue of approximately HK$0.2 million (FY2021: HK$3.2 million) and a loss of approximately HK$29.7 million (FY2021: HK$14.5 million) in relation to the financial leasing and other financial service segment for the Year.

Financial Review

Revenue

The Group recognised revenue of approximately HK$38.0 million for the Year, representing a year-on-year decrease of approximately 93.8% as compared to that of approximately HK$616.0 million for FY2021.

During the Year, the Group principally derived its revenue from its publication, purchase and distribution of books as well as the provision of environmental consultancy services. The Group also commenced certain sales of healthcare products. The Group did not recognise any revenue in respect of its advertising and media related services segment in the Year, and recorded a substantially less revenue from the provision financial leasing and other financial service during the Year as compared to that of FY2021.

The table below sets out the breakdown of the Group's segment revenue and results for the Year and FY2021.

	Advertising and media related services		Financial leasing and other financial services		Publication, purchase and distribution of books		Environmental protection services		Healthcare products		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue												
Sales to external customers	**–**	–	**230**	3,237	**2,709**	608,533	**34,748**	4,171	**274**	–	**37,961**	615,941

The substantial decrease in the Group's revenue for the Year was mainly attributable to (i) a significant decrease in the Group's revenue from the publication, purchase and distribution of books segment due to the impact of the COVID-19 pandemic on the industry participants creating severe cash flow pressure and delay in the settlement of payments and receivables along the industry chain, thereby causing a generalised slowdown of the business and economic activities in the industry; and (ii) the minimal operations and therefore, relatively low revenue recognised from the Group's provision of advertising and media related services as well as financial leasing and other financial services as the Group's current operations and business strategies were focused towards developing its environmental consultancy services business and the sales of healthcare products business, partially offset by the substantial increase in the Group's environmental consultancy services segmental revenue and certain revenue recognised from the developing healthcare product sales.

Please refer to the section headed "Management Discussion and Analysis – Business Review" in this annual report for further details of the segmental financial performance of the Group.

Costs of Sales

The costs of sales of the Group consisted primarily of costs directly attributable to the provision of its services and sales of goods, which mainly included (among other things) the direct labour and staff costs associated to the provision of services and sales of healthcare products; the procurement costs of books for the purpose of publication and distribution and of the healthcare products for sales in the PRC; and the costs in relation to procurement of outsourced technology services for the purpose of rendering certain environmental consultancy services for the Group's customers.

The Group recorded costs of sales of approximately HK$19.5 million for the Year, representing a year-on-year decrease of approximately 96.0% as compared to that of approximately HK$490.7 million for FY2021. The substantial decrease was mainly attributable to (i) the forced reduction in the scale of operation of the publication, purchase and distribution of books segment in light of the industry condition leading to a significantly lower procurement costs incurred; and (ii) the reduction in direct costs incurred for the advertising and media related services and provision financial leasing and other financial service business segments as a reduction in their scale of operations by the Group, partially offset by (i) the increase in costs incurred for the procurement of equipment and outsourced technology services as well as increase in manpower and other resources to support the expansion of the provision of environmental consultancy services; and (ii) the initial start-up costs incurred to prepare for the commencement of the sales of healthcare product business segment.

Gross Profit and Gross Margin

The Group's gross profit recorded a year-on-year decrease of approximately 85.2% from approximately HK$125.2 million for FY2021 to approximately HK$18.5 million for the Year. The decrease in the gross profit of the Group was mainly attributable to the substantial decrease in the Group's revenue as a result of the forced scale-back of the operations in the Group's book publication, purchase and distribution business, as well as the reduction in the Group's provision of advertising and media related services and provision financial leasing and other financial services leading to a significant drop in the Group's revenue generated from these business segments.

The gross margin (expressed as a percentage of gross profit over revenue) of the Group increased from approximately 20.3% for FY2021 to approximately 48.7% for the Year. The improvement of the gross margin of the Group was mainly attributable to the relatively significant decrease in the direct costs associated with the procurement and distribution of books, and the reduction in costs incurred for the purpose of offering advertising and media related services as well as financial leasing and other financial services due to the reduced scale of operations of these business segments as mentioned above.

Administrative Expenses

The Group recorded a year-on-year decrease of approximately 36.4% from HK$70.7 million for FY2021 to approximately HK$44.9 million for the Year in respect of its administrative expenses. The decrease in the Group's administrative expenses was principally attributable to (i) the absence of recognition of consulting service fee payment to Shanxi Environment Protection Fund Co., Ltd. (山西省環境保護基金有限公司) ("Shanxi Fund") pursuant to the financing services framework agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Shanxi Fund, the agreement having been expired on 31 December 2020 upon the end of the term of the agreement (please refer to the paragraph headed "Report of the Directors – Connected Transaction" in the 2021 annual report of the Company and the announcement of the Company dated 11 August 2020 for details); and (ii) the cost-saving measures including reduction in the office rental implemented by the Group in light of the relatively unfavourable business environment as mentioned above.

Finance Costs

The Group recognised finance costs of approximately HK$52.5 million for the Year, representing a year-on-year decrease of approximately 12.7% from approximately HK$60.2 million for FY2021. The decrease in the Group's finance costs was mainly attributable to the lower interest rates charged by the new loans obtained by the Group as replacements to the then existing loans.

Loss for the Year

The Group recorded loss for the year and loss for the year attributable to the owners of the Company of approximately HK$378.5 million and HK$217.8 million, respectively, for the Year, when compared to those of HK$196.1 million and HK$152.5 million, respectively, for FY2021. The deterioration of the year-on-year loss position of the Group was principally due to (i) the recognition of net allowance for ECL, primarily attributable to the recovery of the receivables from certain downstream distributors in the Group's books publication, purchase and distribution business segment; and (ii) the decrease in the Group's revenue and gross profit for the Year primarily attributable to the forced scale-back of operations in the publication, purchase and distribution of books business segment, partially offset by the year-on-year decrease in the administrative expenses and finance costs incurred by the Group as part of its cost-saving effort in light of the current business environment.

The recognition of ECL in respect of the receivables arising from the Group's books publication, purchase and distribution business segment was against the background of the continued sporadic outbreak of COVID-19 confirmed cases in various regions in the PRC due to the evolvement of the COVID-19 variants over the Year, the resultant impact of the COVID-19 pandemic led to an overall slowdown of business activities within the industry leading to tightened cash flow positions faced by a number of industry participants and a nearly stalled settlement of payments and receivables along the industry chain. For details against the background where such ECL is recognised, please refer to the section headed "Management Discussion and Analysis – Business Review – Publication, Purchase and Distribution of Books" in this annual report for details.

The Group performs impairment assessment under the ECL model on financial assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. For more details as to the recognition of the ECL in respect of the aforementioned receivables, please refer to the paragraph headed "Financial instruments – Financial assets – Impairment of financial assets" under note 4, the paragraph headed "Financial risk management objectives and policies – Credit risk" under note 6 and note 24 of the notes to the consolidated financial statements of the Group in this annual report.

Prospects

Despite the COVID-19 pandemic had struck hard on the worldwide economy, and the Group had suffered the resultant impact, particularly as to its publication, purchase and distribution of books business segment, the Group considers that the impact of the COVID-19 pandemic will be temporary, and will ease off as the general economy and normal business activities gradually resume. With the determined and effective measures imposed by the PRC authorities to combat the COVID-19 pandemic, the impact from the pandemic will eventually diminished. The Group will conduct careful assessment on the outlook of each industry and operate in a stable manner. In respect of the publication, purchase and distribution of books business segment, the Group is strengthening its effort to recoup the outstanding receivables from various industry counterparties (particularly, the downstream book distributors) including by way of resorting to various legal measures as mentioned in the section headed "Management Discussion and Analysis – Business Review – Publication, Purchase and Distribution of Books" in this annual report. Meanwhile, it will conduct careful assessment and select prominent institutions to seek business cooperation opportunities with strategic values to the Group to resume the normal scale of operations in this segment.

In terms of its environmental consultancy services, in light of the increasing public awareness and policy support on environmental protection initiatives as well as enhanced compliance obligations imposed by the strengthened regulatory framework, the Group expects that the demand for its environmental consultancy services will continue to grow. In this regard, the Group will continue to enhance its effort in developing its service offerings as well as expanding its customer base so as to cover more industry needs. The Group is planning to devote more resources support to Jinxin Keyuan, the principal subsidiary of the Group responsible for the operations of this business segment, in order to promote its capabilities to undertake a wider variety of environmental protection and conservation projects and diversity its revenue streams and improve the overall profitability. Further, the Group is currently in negotiations with the PRC government subordinate entities in respect of a potential joint development of a centralised and unified green stone material industry trading service platform in Laizhou, Shandong by way of government guidance and market-oriented operation. Please refer to the section headed "Report of the Directors – Events after the reporting period" for details.

As a relatively new business segment for the sales of healthcare products, the Group plans to dedicate more resources to explore the market potentials and expand the scale of operations in a gradual manner. In this regard, the Group will further strengthen the cooperation and discussion with professional technology and product development agencies overseas and locally to identify potential healthcare and dietary products in order to expand the product portfolio of the Group. Further, the Group will conduct further market study, particularly in respect of the youth generation market, to identify the market leads with an aim gain a first-mover advantage as one of the first industry participants to introduce the appropriate products from overseas for sale in the PRC, and to meet the increasing awareness of the healthcare needs by the younger generations locally.

The COVID-19 pandemic had brought changes to the economic structure of the PRC and globally, certain strategic emerging industries such as new energy, environmental protection, conservation and restoration, as well as biomedicine and healthcare have evolved as a result, raising the public's attention and resource devotion to the research and development of new technologies, product and service offerings in these industries. In the coming year, the Group will pay close attention to the industry developments, seize the opportunities and strive to enhance the revenue drivers of the Group in order to improve the overall financial performance of the Group and bring values to the shareholders of the Company.

Final Dividend

The Board does not recommend the payment of final dividend for the Year (FY2021: nil).

Liquidity and Financial Resources

The Group generally derives cash for operation from internal cash flow and from borrowings in the PRC. As at 31 March 2022, the Group had total assets of approximately HK$1,085.0 million (as at 31 March 2021: approximately HK$1,340.9 million), including trade, bills and other receivables, deposits and prepayments of approximately HK$975.2 million (as at 31 March 2021: approximately HK$1,221.8 million) and net cash and bank balances of approximately HK$16.9 million (as at 31 March 2021: approximately HK$36.2 million). As at 31 March 2022, the Group's borrowings amounted to approximately HK$652.7 million (as at 31 March 2021: approximately HK$627.2 million). Details of the Group's borrowings as at 31 March 2022 are set out in note 31 of the notes to the consolidated financial statements in this annual report.

The above changes were mainly attributable to the impact of COVID-19 pandemic suffered by the Group and, in particular, a general downturn of the performance of the books industry over the Year due to the tightened cash flow and an overall delay in settlement of payment and receivables among the industry participants, leading to the recognition of ECL in respect of the receivables from certain downstream distributors (details of which are disclosed in the section headed "Management Discussion and Analysis – Business Review – Publication, Purchase and Distribution of Books" in this annual report), and hence a year-on-year decrease of approximately 20.2% in the Group's trade, bills and other receivables, deposits and prepayments as mentioned above.

The Group adopted a prudent capital management approach in light of the industry circumstances and temporarily eased its pace of operations in the book publication, purchase and distribution segment; meanwhile, the Group ramped up its effort in its environmental protection business segment by expanding the number of active projects and increase in its provision of environmental consultancy services. As such, the Group had to resort more to its internal resources and borrowings to maintain its day-to-day operations as well as to support the business expansion in the environmental protection sector, therefore leading to a relatively substantial year-on-year decrease of approximately 53.4% in the Group's net cash and bank balances, coupled with a year-on-year increase of approximately 4.1% in the Group's borrowings.

The Group's current assets and current liabilities as at 31 March 2022 were approximately HK$1,028.8 million (as at 31 March 2021: approximately HK$1,292.1 million) and approximately HK$1,058.7 million (as at 31 March 2021: approximately HK$970.2 million), respectively. The Group's non-current liabilities as at 31 March 2022 was approximately HK$0.2 million (as at 31 March 2021: approximately HK$0.2 million). The year-on-year decrease of approximately 20.4% in the Group's current assets was mainly attributable to the decrease in the Group's trade, bills and other receivables, deposits and prepayments and in the Group's net cash and bank balances as mentioned above. The year-on-year increase of approximately 9.1% in the Group's current liabilities was mainly due to (i) the increase in the Group's borrowings to support its daily operations as well as the expansion of the environmental consultancy business segment; and (ii) the increase in the trade and other payables of the Group of approximately 20.9% from approximately HK$298.8 million as at 31 March 2021 to approximately HK$361.3 million as at 31 March 2022, the latter the major cause of which was the consequent extension of trade payables settlement resulting from the delay in the Group's operations under the COVID-19 pandemic. The non-current liabilities, being the non-current portion of the lease liabilities of the Group, remained approximately the same as at 31 March 2022 and 31 March 2021. Please refer to note 32 of the notes to the consolidated financial statements in this annual report for details.

References are made to the paragraphs headed "Basis of preparation of consolidated financial statements – Going concern" under note 4 and note 31 of the notes to the consolidated financial statements in this annual report, whereby the Group had fallen behind the interest payments of certain borrowings drawn by the Group during the Year. To this end, the lenders have waived all such defaults and have not demanded for any immediate repayment of the borrowings. The Group has also been in active negotiations and is concluding with the lenders on the renewal and/or settlement of such borrowings.

The management of the Group has been striving to obtain sufficient financial resources to maintain and improve the working capital and liquidity of the Group. Please refer to the paragraph headed "Basis of preparation of consolidated financial statements – Going concern" under note 4 of the notes to the consolidated financial statements in this annual report for details. The Directors have urged the management of the Company, and shall lead the initiatives to procure sufficient financial resources to be in place to address the going-concern issue of the Group. To this end, attention is drawn to the paragraph headed "Material Uncertainty Related to Going Concern" in the independent auditors' report contained in this annual report.

Gearing Ratio

The gearing ratio, expressed as a percentage of total liabilities over total assets, of the Group was approximately 97.6% (as at 31 March 2021: approximately 72.4%). The increase in the gearing ratio of the Group was mainly attributable to the combined effect of (i) the increases in the Group's liabilities in terms of its trade and other payables as well as its borrowings; and (ii) the decreases in the Group's net cash and bank balances and the trade, bills and other receivables, deposits and prepayments, particularly in relation to the recognition of ECL in respect of certain receivables from certain downstream distributors of the Group's publication, purchase and distribution of books business segment as mentioned above.

Treasury Policies

The primary objective of the Group's capital management is to maintain its ability to continue as a going concern so that the Group can constantly provide returns for the Shareholders and benefits for other stakeholders by implementing proper product pricing and securing access to financing at reasonable costs. The Group actively and regularly reviews and manages its capital structure and makes adjustments by taking into consideration the changes in economic conditions, its future capital requirements, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group also closely monitors its gearing ratio as mentioned above.

Foreign Currency Exposure

The Group's businesses are mainly conducted in Renminbi ("RMB"), Hong Kong dollars and United States dollars. Currently, the Group has not employed any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the Group's management monitors closely the exposures and will consider hedging the exposures should the need arise.

Interest Rate Exposure

The Group's interest rate risk arises primarily from bank and other borrowings and bank balances. Borrowings at variable rates expose the Group to cash flow interest rate risk. Currently, the Group does not employed any financial instruments to hedge against interest rate risk.

Capital Structure

The Board monitors the Group's capital structure by reviewing its cash flow requirements and considering its future financial obligations and commitments. There had been no change in the Company's capital structure during the Year. As at 31 March 2022, the Company's issued share capital was approximately HK$36.4 million (the same as at 31 March 2021), and the number of ordinary shares issued by the Company was 3,640,627,457 (the same as at 31 March 2021).

Commitments

The Group did not have any material capital commitment as at 31 March 2022 (as at 31 March 2021: nil).

Charge on Assets

As at 31 March 2022, the Group did not have any charge on its assets (as at 31 March 2021: nil).

Contingent Liabilities

As at 31 March 2022, save as disclosed in the unaudited consolidated financial statements set out above, the Group did not have any material contingent liabilities (as at 31 March 2021: nil).

Management Discussion and Analysis

Significant Investments

Save for the investment in its subsidiaries by the Company, the Group did not have any significant investments during the Year.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

The Group did not have any material acquisition and disposal of subsidiaries, associates or joint ventures during the Year, when compared to FY2021, during which the Group completed the acquisition of 60% of the equity interest in Jinxin Keyuan at an initial consideration of RMB27 million pursuant to an acquisition agreement (the "Acquisition Agreement") entered into among the Company, Zhongtou Jinfu Technology Development (Beijing) Company Limited. (眾投金服科技發展(北京)有限公司) ("Zhongtou Jinfu", a wholly-owned subsidiary of the Company), Han Jin (韓晉), Wang Huaiyu (王懷宇), Zhao Yongde (趙永德) and Zhou Jin (周進) (collectively the "Vendors"). For details of the said acquisition, please refer to the announcements of the Company dated 28 December 2020, 19 January 2021 and 9 February 2021 (collectively the "Acquisition Announcements").

Profit Guarantee in Relation to the Acquisition of Jinxin Keyuan

Pursuant to the Acquisition Agreement, the Vendors jointly and severally guarantee and undertake to the Company and Zhongtou Jinfu that (i) the revenue from the principal business of Jinxin Keyuan will grow year by year; and (ii) the audited net profit after deducting all extraordinary items of Jinxin Keyuan will be not less than the amounts set out below for the relevant years:

Relevant year	**Guaranteed Profit**
the year ending 31 December 2021	RMB5,500,000
the year ending 31 December 2022	RMB6,050,000
the year ending 31 December 2023	RMB6,655,000

If Jinxin Keyuan does not meet the above performance targets, the consideration for the said acquisition shall be adjusted in the manner set out in the Acquisition Agreement, pursuant to which the Company may repurchase part or all the consideration shares issued to the Vendors. Please refer to the Acquisition Announcements for further details.

Based on the information available to the Group, the profit guarantee for the year ended 31 December 2021 had been met.

Future Plan for Material Investments and Capital Assets

Save as disclosed in the section headed "Report of the Directors – Events after the Reporting Period" in this annual report, the Board had not approved any plan for material investments or acquisitions of capital assets.

Principal Risks and Uncertainties

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and price driven competition could impact the Group's performance.	• Review market trends and maintain a competitive position by recruiting and retaining quality staff to provide flexible solutions to the customers.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance.	• Review forward looking indicators to identify economic conditions.
Liquidity risk	Liquidity risk is the risk that the Group would not be able to meet its financial obligations as they fall due.	• Monitor liquidity and balance sheet. • Maintain appropriate liquidity to cover commitments.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates would affect the Group's income and the value of its holdings of assets.	• Closely monitor statement of financial position and cashflow exchange risk exposures and consider appropriate use of financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge the exchange risk.
People risk	People risk is the risk of loss the services of any Directors, senior management and other key personnel could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages to attract and retain the employees the Group need. • Ensure that the staff of the Group has the right working environment to enable them to do the best job and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs on civil and/or criminal proceedings and reputational damage being incurred.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement for any compulsory changes. • Seek legal or other specialist advice as appropriate.

Management Discussion and Analysis

Environmental Policies

The Group is committed to acting in an environmentally responsible manner. Recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

Compliance with Environmental Regulations

Due to the nature of the business of the Group, the Directors are of the opinion that no specific laws and regulations related to environmental protection obligations on the part of the Group has significant impact on its business operations.

Major Customers and Suppliers

The percentage of sales and purchases for the Year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	7%
– five largest customers combined	24%
Purchases	
– the largest supplier	37%
– the five largest suppliers combined	63%

At no time during the Year did the Directors and their associates or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the major customers or suppliers referred to above.

Emolument Policy

The emoluments of the Directors are decided by the Board with reference to the recommendations from the remuneration committee of the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible participants. Please also refer to the section headed "Report of the Directors – Share option scheme" in this annual report for details.

Management Contract

No management contract was in force during the Year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the Year or at any time during the Year.

Employees

As at 31 March 2022, the Group employed around 99 employees (as at 31 March 2021: around 80 employees). The remuneration policy and package of the Group's employees are maintained at market level and are reviewed annually by the management. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong and the PRC have been enrolled to the appropriate mandatory provident fund schemes and retirement benefits schemes. In addition to basic salary, discretionary bonuses and other fringe benefits such as medical insurance, share options may also be granted to eligible employees at the discretion of the Board and are subject the performance of the individual employees as well as the Group. Please refer to the section headed "Report of the Directors – Share option scheme" in this annual report for details.

The Group regards its employees as the most important asset and resource and provides regular training courses and a variety of development programs and has developed relevant training policies and procedures to enhance the effectiveness of such training programs. Trainings provided to the employees cover topics including but not limited to industry updates, compliance matters and occupational health and safety, etc.

Profile of Directors

Executive Directors

Mr. Qu Zhongrang ("Mr. Qu"), aged 55, obtained a bachelor's degree in laws from China University of Political Science and Law in January 2007. Mr. Qu has been appointed as an executive Director of the Company with effect from 23 April 2019. Mr. Qu concurrently serves as the chairman of 山西大地環境投資控股有限公司.

Mr. Fu Yuanhong ("Mr. Fu"), aged 54, is the chairman of the Board and he is responsible for overall management of the Board. He has served as the chairman of Shanxi Minji Eco-Environment Engineering Co., Ltd. (now renamed as Shanxi Dadi Minji Eco-Environment Co., Ltd., a company listed on the National Equities Exchange and Quotations System (The New Third Board), stock code: 833365) since 21 December 2018. Mr. Fu obtained a bachelor's degree in environmental protection from Shanxi University in July 1992 and obtained the title of senior engineer in May 2011. Mr. Fu has been appointed as the chairman of the Board and an executive Director with effect from 19 February 2019, he is also the chairman of the nomination committee and a member of remuneration committee of the Company. Mr. Fu concurrently serves as the chairman of 山西省環境集團有限公司, a deputy general manager of 山西大地環境投資控股有限公司 and the first director of Dadi International Holdings Co., Ltd.

Mr. Wu Xiaoming ("Mr. Wu"), aged 60, is the executive vice chairman and the chief executive officer of the Company and is experienced in financing and practice in business management, team building, corporate strategy development and implementation in large corporations, he also has in-depth knowledge and operational experience in investments and development of large-scale projects. Mr. Wu has been appointed as the chief executive officer, an executive Director and the executive vice chairman, with effect from 28 April 2016, 30 September 2016 and 3 April 2018 respectively. He is also a member of remuneration committee of the Company.

Non-executive Directors

Mr. Ju Mengjun ("Mr. Ju"), aged 66, has extensive journalistic (including interviewing, editing and reviewing of news), international research and management experience. During his more than 30 years of employment with Xinhua News Agency, Mr. Ju has served various positions (including principal journalist, assistant to editor-in-chief, deputy chief editor and officer of the editor-in-chief office, etc.) in different departments and branches of Xinhua News Agency (including the international department and its Eurasia office, the Moscow Branch, the Alma Ata Branch and the editor-in-chief office of the headquarters). He also served as the president of Asia Pacific Branch and Hong Kong Branch of Xinhua News Agency. Mr. Ju served as an executive director of Xinhua News Media Holdings Limited (stock code: 309) from May 2011 to January 2018 and served as a co-chairman from June 2011 to January 2018. Mr. Ju graduated from the Department of Russian Language and Literature of Beijing University, has studied at Pushkin State Russian Language Institute, Moscow and has been a post-graduate. Mr. Ju has been appointed as a non-executive Director of the Company with effect from 22 December 2020.

Mr. Zhang Xiongfeng ("Mr. Zhang"), aged 54, has extensive experience in the investment banking industry specialising in the area of corporate finance. Mr. Zhang was a non-executive director of Fire Rock Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1909) from January 2016 to October 2018; Mr. Zhang is currently a non-executive director of Pa Shun International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 574); and he was an executive director and chairman of the board of Hang Tai Yue Group Holdings Limited (formerly known as Interactive Entertainment China Cultural Technology Investments Limited) (stock code: 8081) shares are listed on GEM of the Stock Exchange from December 2013 to December 2018. Mr. Zhang has been appointed as a non-executive Director since 3 April 2018. He is also a member of the audit committee of the Company.

Independent Non-executive Directors

Dr. Zhang Wei ("Dr. Zhang"), aged 68, had taught Development Economics and Chinese Economy at the University of Cambridge in the UK since 2000 and is also the founding director of Economic Research Centre for Greater China in Cambridge. Dr. Zhang joined Mingly Corporation since 2011 and has served as senior economist, an executive director and chief executive officer. Dr. Zhang served as a non-executive director of Hanison Construction Holdings Limited (a company listed on the Main Board of Stock Exchange, stock code: 896) since 25 June 2019. Dr. Zhang has been appointed as an independent non-executive Director since 1 November 2017. He is also the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company.

Mr. Law Yui Lun ("Mr. Law"), aged 60, is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Law has extensive professional experience in the fields of auditing, accounting, corporate taxation, company liquidation and insolvency, financial advisory and management for over 30 years. Mr. Law is currently independent non-executive director of CBK Holdings Limited (stock code: 8428), which is listed on GEM of the Stock Exchange and he served as an independent non-executive director of Shougang Concord Century Holdings Limited (stock code: 0103), which is listed on the Main Board of the Stock Exchange, from 18 April 2005 to 1 January 2020 and an independent non-executive director of China Trustful Group Limited (stock code: 8265), which is listed on GEM of the Stock Exchange, from 17 July 2020 to 30 September 2020. Mr. Law has been appointed as an independent non-executive Director since 1 November 2017. He is also the chairman of the audit committee of the Company and a member of each of the nomination committee and remuneration committee of the Company.

Mr. Law has voluntarily ceased to be an associate member of the Taxation Institute of Hong Kong as at the date of this annual report. Mr. Law has confirmed that the aforesaid cessation is not related to any matter or circumstance set out in Rule 17.50(2)(s) of the GEM Listing Rules.

Profile of Directors

Dr. Jin Lizuo ("Dr. Jin"), aged 64, has been a supervisor of China International Capital Corporation Limited (a company listed on the Stock Exchange, stock code: 3908) since May 2015; participated in its establishment and was a member of its preparatory group from 1994 to 1995. Dr. Jin served as an independent non-executive director of Beijing Enterprises Environment Group Limited (formerly known as Beijing Development (Hong Kong) Limited) (a company listed on the Stock Exchange, stock code: 154) since September 2004, and a director of NetBrain Technologies Inc. since August 2012. He served as the chairman of Beijing Integrity Financial Consulting Company* (北京中和應泰財務顧問有限公司) from 1997 to 2004; and was awarded the "Most Influential Independent Director" (最具影響力獨立董事獎) at the 5th Session Golden Round Table Award campaign for the Board of Directors of Listed Companies in China in 2009. Dr. Jin obtained a bachelor's degree in economics from Peking University in the PRC in January 1982 and a doctoral degree in economics from Oxford University in the United Kingdom in November 1993; he also served as the founding president of the Chinese Economic Association (UK) from 1988 to 1989 and the chief councilor of the Shanghai Institute of Law & Economics (上海法律與經濟研究所理事長). Dr. Jin has been appointed as an independent non-executive Director since 11 February 2020. He is also a member of each of the nomination committee, remuneration committee and audit committee of the Company.

Save as disclosed above, since the date of the 2021 interim report of the Company and up to the date of this annual report, there were no other changes in the information of the Directors which shall be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

Senior Management

Mr. Wu Xiaoming, aged 60, is the executive Director, executive vice chairman and chief executive officer of the Company. He is responsible for the overall management and operation, liaison with major customers and business development of the Group. His biographies are set out in the section headed "Profile of Directors – Executive Directors" in this annual report.

Feng Jiangtao ("Mr. Feng"), aged 42, is the vice president of the Company. Mr. Feng worked in Shanxi Jin Tong Investment Management Co., Ltd. (山西金通投資管理有限公司) as a project assistant and project manager from March 2006 to June 2011; successively served as the manager of the investment department and project manager of Shanxi Emerging Energy Industry Group Co., Ltd. (山西新興能源產業集團有限公司) and Shanxi International Electricity Group Limited Company (山西國際電力集團有限公司) from June 2011 to April 2013; served as the head of the legal affairs department and general counsel of Shanxi Jin Tong Investment Management Co., Ltd. from April 2013 to March 2018; concurrently served as the chairman and general manager of Shanxi Jin Tong Venture Capital Co., Ltd. (山西金通創業投資有限公司) form June 2014 to May 2019; served as the deputy director and director of the development planning department of Shanxi Dadi Environment Investment Holdings Co., Ltd. (山西大地環境投資控股有限公司) from December 2017 to August 2019; concurrently served as a director of Shanxi Environment Group Co., Ltd. (山西省環境集團有限公司) and Shanxi Dadi Minji Eco-Environment Co., Ltd. (山西大地民基生態環境股份有限公司) since January 2019; and served as the vice president of the Company and the chairman of Shanxi Dadi Holdings Equity Investment Fund Management Co., Ltd. (山西大地控股股權投資基金管理有限公司) since July 2019. Mr. Feng obtained a master's degree in economics from Shanxi University in the PRC and majoring in quantitative economics.

Mr. Mi Zhaogang ("Mr. Mi"), aged 45, is the vice president and the director of the investment asset development center of the Company and is responsible for the investment management of the Group. Mr. Mi worked in Tsinghua Ziguang Environmental Protection Co., Ltd.（清華紫光環保有限公司）as the project manager, senior investment manager and manager of the investment department from August 2000 to July 2008. Mr. Mi worked in Beijing Enterprises Holdings Environment Technology Co., Ltd.（北京北控環保工程技術有限公司）as the head of the investment department, general manager of the investment management center and deputy general manager of the company from July 2008 to April 2016, and worked in the Company since April 2016. Mr. Mi is a registered consulting engineer (investment), a registered first-class constructor and an intermediate engineer. He obtained a bachelor's degree in engineering from Harbin Institute of Technology（哈爾濱工業大學）in the PRC and a master's degree in engineering from Tsinghua University in the PRC.

Corporate Governance Report

Introduction

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

Corporate Governance Practices

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public. Save as disclosed in this corporate governance report, throughout the Year, the Group has complied with all applicable code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Board has, since the amendments to the GEM Listing Rules regarding corporate governance practices were first proposed by the Stock Exchange, continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the Year and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Group to ensure awareness to issues regarding corporate governance practices.

The Board

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transaction, appointment of Directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

Composition

At 31 March 2022 and the date of this report, the Board comprised eight Directors, including three executive Directors, namely Mr. Qu Zhongrang, Mr. Fu Yuanhong (chairman of the Board) and Mr. Wu Xiaoming, two non-executive Directors, namely Mr. Ju Mengjun and Mr. Zhang Xiongfeng, and three independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Jin Lizuo. Biographical details of the Directors are set out in the section headed "Profile of Directors" in this annual report.

The Directors have distinguished themselves in their field of expertise and have exhibited high standards of personal and professional ethics and integrity. All the Directors give sufficient time and attention to the Company's affairs. The Board believes that the ratio of executive to non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interest of the shareholders and the Company as a whole.

The Board as a whole is responsible for the appointment of new Directors and Directors nomination for re-election by shareholders at the annual general meeting of the Company. Under the Company's bye-laws, the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall then be eligible for re-election. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Chairman and Chief Executive Officer

As at 31 March 2022, Mr. Fu Yuanhong and Mr. Wu Xiaoming were serving as the chairman and the chief executive officer of the Company, respectively. The positions of the chairman and the chief executive officer of the Company are held by different persons in order to ensure independence and accountability of their respective functions and balanced distribution of power and authority between them.

Independence of the Independent Non-executive Directors

The Company has three independent non-executive Directors at the end of the Year and as at the date of this report, one of whom has appropriate financial management expertise, and is in compliance with the GEM Listing Rules. The three independent non-executive Directors at the time have made written confirmations to the Company in respect of their independence. Based on such confirmation and to be best knowledge of the Board, the Company considers these current independent non-executive Directors are independent under the guidelines set out in Rule 5.09 of the GEM Listing Rules.

Non-executive Directors

The non-executive Directors are appointed for a specific term of three years from their respective date of appointment, subject to retirement by rotation as stipulated in the bye-laws of the Company.

Board Meetings and Shareholders' Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. At least fourteen days' notice of regular Board meeting is given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides Directors information on activities and development of the businesses of the Group.

During the Year, six Board meetings were held. Details of the attendance of the Directors at general meeting, the meetings of the Board and its respective committees are as follows:

Name of Director	General Meeting Attended/Held	Board Meeting Attended/Held	Audit Committee Attended/Held	Remuneration Committee Attended/Held	Nomination Committee Attended/Held
Executive Directors					
Mr. Qu Zhongrang	0/1	8/8	N/A	N/A	N/A
Mr. Fu Yuanhong, *Chairman*	1/1	8/8	N/A	2/2	2/2
Mr. Wu Xiaoming	0/1	8/8	N/A	2/2	N/A
Non-executive Directors					
Mr. Ju Mengjun	0/1	8/8	N/A	N/A	N/A
Mr. Zhang Xiongfeng	0/1	8/8	4/4	N/A	N/A
Independent non-executive Directors					
Dr. Zhang Wei	0/1	8/8	4/4	2/2	2/2
Mr. Law Yui Lun	0/1	8/8	4/4	2/2	2/2
Dr. Jin Lizuo	0/1	8/8	4/4	2/2	2/2

Deviation from compliance with code provision E.1.2 (which has been re-numbered as F.2.2 since 1 January 2022) of the CG Code – This code provision requires the chairman of the Board to invite the chairmen of the audit and remuneration committees of the Board to attend.

Dr. Zhang Wei, being an independent non-executive Director and the chairman of the remuneration committee of the Board, and Mr. Law Yui Lun, being an independent non-executive Director and the chairman of the audit committee of the Board, were unable to attend the 2021 annual general meeting of the Company due to their work arrangements.

Training and support for Directors

All Directors must keep abreast of their collective responsibilities as Directors and of the businesses of the Group. As such, the Group provides an induction to each newly appointed Director upon his/her appointment. Briefings and orientations are provided and organised to ensure that the Directors are familiar with the role of the Board, their legal and other duties as a Director as well as the business and governance practices of the Group. Such programmes are tailored to each individual Director taking into account their background and expertise. The Company will continuously update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

All Directors also participate in continuous professional development programmes provided or procured by the Group, such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective Directors are kept and updated by the Company.

Board Diversity

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. 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 Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

Measureable objectives include (i) at least one third of the Board shall be independent non-executive Directors; (ii) at least one Director is female and (iii) at least one Director shall have obtained accounting or other professional qualifications. For the Year, items (i) and (iii) have been fulfilled. The Board expects item (ii) will be fulfilled in the recent future within an approximately two-year timeframe. Whereas the current Board and senior management of the Group comprise of all male members, viewing from the Group's perspective, as at 31 March 2022, the Group had 99 employees in total comprising of approximately 44 females and 55 males (that is, a female-to-male ratio of 4:5), reflecting a gender equality principle generally adhered by the Group. The Board is mindful of the objectives for the factors as set out in the paragraph headed "Nomination Committee" below for assessing the candidacy of the Board members, and will ensure that any successors to the Board shall follow the gender diversity policy. Similar considerations shall also be in place to assess the candidacy of the senior management team from time to time. The Group is determined to maintain gender diversity and equality in terms of the whole workforce, and to procure the senior management team to achieve gender equality in terms of the gender ratio within an approximately two-year timeframe. The Company expects the above is achievable with suitable effort in promoting the gender diversity culture, which the Group has been advocating for so.

Remuneration Committee

A remuneration committee was established with specific written terms of reference in accordance with the requirements of the CG Code. At the date of this annual report, the remuneration committee consists of five members, of which two of them are executive Directors namely Mr. Fu Yuanhong and Mr. Wu Xiaoming, and three of them are independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Jin Lizuo. The chairman of the remuneration committee is Dr. Zhang Wei.

The remuneration committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of Directors and members of senior management of the Company, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. This committee consults with the chairman on its proposals and recommendations and has access to professional advice if deemed necessary. The remuneration committee is also provided with other resources enabling it to discharge its duties.

The remuneration committee meets at least once a year.

During the Year, the remuneration committee held two meetings. During the relevant meetings, the remuneration committee reviewed performance of executive Directors, the remuneration policy and structure of the Company, the remuneration packages of the Directors and senior management.

Nomination Committee

The nomination committee was established with specific written terms of reference in accordance with the requirements of the CG Code. At the date of this annual report, the nomination committee consists of four members, of which one of them is an executive Director, namely Mr. Fu Yuanhong, and three of them are independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Jin Lizuo. The chairman of the nomination committee is Mr. Fu Yuanhong.

The duties of the nomination committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer of the Company.

The nomination committee meets at least once a year.

During the Year, the nomination committee held two meetings. During the relevant meetings, the nomination committee reviewed the structure, size, composition and diversity of the Board, assessed the independence of the independent non-executive Directors and considered the re-election of Directors.

Board Nomination Policy

The Company adopted a nomination policy for the nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for 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 that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Procedure

The nomination committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required. The nomination committee utilises various methods for identifying Director candidates, including recommendations from Board members, management, and professional search firms. All Director candidates, including incumbents and candidates nominated by shareholders are evaluated by the nomination committee based upon the director qualifications. While Director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The nomination committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the Director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its shareholders. The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Audit Committee

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. As at the date of this annual report, the audit committee consists of four members, of which one of them is a non-executive Director, namely Mr. Zhang Xiongfeng, and three of them are independent non-executive Directors, namely Dr. Zhang Wei, Dr. Jin Lizuo and Mr. Law Yui Lun. The chairman of the audit committee is Mr. Law Yui Lun.

The main duties of the audit committee include the followings:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer or external auditors before submission to the board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The audit committee is provided with sufficient resources enabling it to discharge its duties.

The audit committee held four meetings during the Year, to review the financial results and reports, financial reporting and compliance procedures, report on the Company's internal control and risk management review and processes as well as the re-appointment of the external auditors.

There is no disagreement between the Board and the audit committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Group's annual results for the Year has been reviewed by the audit committee of the Company.

Auditors' Remuneration

For the Year, the remuneration in respect of the audit services provided by the auditors of the Company, HLB Hodgson Impey Cheng Limited, amounted to approximately HK$1,096,000.

Joint Company Secretaries

During the Year, Mr. Chen Yong ("Mr. Chen") and Ms. Mak Po Man Cherie ("Ms. Mak") were the joint company secretaries of the Company until their respective resignation with effect from 5 March 2022. Following their resignations, Mr. Hong Kam Le ("Mr. Hong") has been appointed as the company secretary of the Company with effect from the same date. Mr. Hong is a partner of Chungs Lawyers in association with DeHeng Law Offices and is responsible for advising the Board regarding corporate governance matters to ensure regulatory compliance and corporate governance functions of the Group to be carried out in an efficient and effective manner. Please refer to the announcement of the Company dated 4 March 2022 for details as to the resignations of Mr. Chen and Ms. Mak and the appointment of Mr. Hong (including his biographical details) as the company secretary of the Company.

At the material times, Ms. Mak Po Man Cherie was the vice president of SWCS Corporate Services Group (Hong Kong) Limited and was responsible for advising the Board regarding corporate governance matters to ensure the compliance with policies and procedures set by the Board and applicable laws, rules and regulations. Mr. Chen, a joint company secretary of the Company, was the primary contact of Ms. Mak in the Company.

Subsequent to the end of the Year, Mr. Bai Mingjun ("Mr. Bai"), having served as a deputy director of the Chairman's office of the Company since May 2016, has been appointed as a joint company secretary of the Company, with Mr. Hong continuing to be the other joint company secretary of the Company, with effect from 1 April 2022. Whilst Mr. Bai does not possess the requisite qualifications as a company secretary of a listed company on GEM of the Stock Exchange under Rule 5.14 of the GEM Listing Rules, the Company has applied to the Stock Exchange and has been granted a waiver by the Stock Exchange from strict compliance with the requirements under Rules 5.14 and 11.07(2) of the GEM Listing Rules in respect of Mr. Bai's appointment. Please refer to the announcement of the Company dated 1 April 2022 for details as to Mr. Bai's appointment (including his biographical details) as a joint company secretary of the Company and grant of the aforesaid waiver by the Stock Exchange. Mr. Bai has been the primary contact of Mr. Hong in the Company since Mr. Hong's appointment as the company secretary of the Company.

Each of Mr. Chen, Ms. Mak and Mr. Hong has confirmed that he/she received not less than 15 hours of relevant professional training as required by according to the Rule 5.15 of the GEM Listing Rules for the Year.

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the Year.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in the securities of the Company when he/she would be prohibited from dealing by the Model Code as if he/she were a Director.

Directors' Preparation Responsibilities on Financial Statements

The Directors acknowledge their responsibilities to prepare the financial statements for the year ended 31 March 2022 and ensure these financial statements to give a true and fair view on the financial position of the Group.

Internal Control and Risk Management

The Board has overall responsibility for the internal control system and risk management of the Group and it has delegated to the executive management to carry out the risk identification and monitoring procedures. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the interests of the shareholders and the assets of the Group.

The Board highly emphasized on internal control and adopted various initiatives to control and monitor the business of the Company and prevent potential risks. The Company has established internal audit function to conduct regular review on all the policies and procedures of material control, and report all material issues to the Board and audit committee at least once annually.

The Group adopted a three-line risk management approach to identify, analyze, assess, mitigate and handle risks. The first line of defence is that the Group's employees must understand that their roles and responsibilities to identify, assess and monitor risks associated with transactions. The second line of defence is the Group's management that provides independent oversight of the first line of defence. It ensures that risks are within the Group's risk capacity and that the control of the first line of defence is effective. As the final line of defence, the audit committee of the Company, with the advices and opinions from the external professional party (such as the auditor) and annual review by the internal audit function, ensures that the first and second lines of defence are effective.

Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the executive management have provided sufficient internal control and risk management for the Group.

The Board reviewed the risk management and internal control system adopted by the Group annually. For the Year, the Board is of the view that the systems are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

Disclosure of Inside Information

The Group acknowledges its responsibilities under the Securities and Futures Ordinance (the "SFO") and the GEM Listing Rules and the overriding principle that Inside Information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of Inside Information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has strictly prohibited unauthorised use of confidential or Inside Information; and
- the Group regularly reminds its Directors and employees about due compliance with all policies regarding the Inside Information, as well as keeps them appraised of the latest regulatory updates.

Dividend Policy

The Company may distribute dividends by way of cash or by other means that the Company considers appropriate. Any proposed distribution of dividends shall be determined by the Board and will be subject to shareholders' approval. A decision to declare or to pay dividends, and the amount of dividends, will depend on a number of factors, including the Company's operating results, cash flow, financial condition, payments by our subsidiaries of cash dividends to us, future prospects and other factors that the Directors may consider important.

Corporate Governance Report

Constitutional Documents

The Company has not made any changes to its bye-laws during the Year.

Shareholders Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Company's activities can be reflected in many aspects.

In endeavouring to maintain an on-going dialogue with shareholders, the annual general meeting provides a useful forum for shareholders to exchange views with the Board.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The annual general meeting circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the Company's 2021 annual general meeting, all the resolutions were put to the vote by poll and Tricor Secretaries Limited, the Company's Hong Kong Branch Share Registrar, was engaged as scrutineer to ensure the votes were properly counted. The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's bye-laws.

Shareholders of the Company who hold not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so themselves.

The Company publishes its announcements, financial information and other relevant data on its website at http://www.dadi-international.com.hk, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business in Hong Kong of the Company, or via phone ((852) 2382 8588), fax ((852) 2382 8598) or email (ir@dadi-international.com.hk). The Company will respond to all enquiries in a timely and appropriate manner.

Information about the principal place of business in Hong Kong of the Company is set out on page 3 of this annual report.

The Company also communicates to its shareholders through its annual, interim and quarterly reports.

Conclusion

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The management will devote considerate effort to strengthen and improve the standards of the corporate governance of the Group.

The Directors present their annual report and the audited financial statements for the Year.

Principal activities and geographical analysis of operations

The principal activities of the Group for the Year included publication, purchase and distribution of books, provision of environmental consultancy services and sales of healthcare products. Details of the activities of its subsidiaries are set out in note 41 of the notes to the consolidated financial statements in this annual report. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis – Principal Risks and Uncertainties" section in this annual report. The discussion forms part of this Directors' report.

An analysis of the Group's revenue for the Year by geographic segment is set out in note 10 of the notes to the consolidated financial statements in this annual report.

Results

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income in this annual report. They form part of this Directors' report.

Financial summary

The summary of the financial results and the assets and liabilities of the Group for the past five financial years is set out in the section headed "Summary of Financial Information" in this annual report.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 18 of the notes to the consolidated financial statements in this annual report.

Share capital and share options

Details of the movements in the Company's share capital and share options during the Year are set out in notes 35 and 40 of the notes to the consolidated financial statements in this annual report, respectively.

Reserves

Details of the movement in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity and note 42 of the notes to the consolidated financial statements in this annual report.

Purchase, sale or redemption of the Company's listed securities

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Convertible securities, options, warrants and similar rights

No convertible securities, options, warrants and similar rights were issued or granted by the Group during the Year.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Tax relief

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the shares of the Company.

Convertible bonds

There are no outstanding convertible bonds during the Year.

Distributable reserves

At 31 March 2022, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended) amounted to HK$311.5 million (as at 31 March 2021: approximately HK$311.5 million), representing the Company's contributed surplus account (as at 31 March 2021: contributed surplus account).

Charitable donations

Charitable donations made by the Group during the Year was nil (FY2021: nil).

Events after the reporting period

Entering into of the Cooperation Framework Agreement and the Memorandum of Understanding

In line with the expansion of the Group in its environmental protection business segment, the Company entered into a cooperation framework agreement (the "Framework Agreement") with the People's Government of Laizhou, Yantai City, Shandong Province of the PRC (the "Laizhou Government") on 3 June 2022 in relation to, among other things, the joint development of a centralised and unified green stone material industry trading service platform (the "Service Platform") in Laizhou by way of government guidance and market-oriented operation.

In addition, for the furtherance and promotion of the communication and exploration of the cooperation contemplated under the Framework Agreement, the Company and Laizhou State Owned Capital Investment Company Limited (萊州市國有資本投資有限公司) ("Laizhou State Owned Capital Investment"), a subordinate entity of the Laizhou Government, subsequently entered into a memorandum of understanding (the "Memorandum of Understanding") pursuant to which, among other things, the parties intend to, through their respective subordinate companies, establish a joint venture company (the "JV Company") to be the entity responsible for the establishment and operation of the Service Platform.

Pursuant to the Memorandum of Understanding, the initial plan for the registered capital of the JV Company is to be USD15 million, within which the above parties will own 30% and 70% of the equity interest in the JV Company upon its establishment. It is intended that the designated subsidiary of Laizhou State Owned Capital Investment will be responsible for USD4.5 million of the capital commitment to the JV Company, whereas a joint venture entity (the "Cooperation Company") under the Company will be responsible for the remaining USD10.5 million of the capital commitment to the JV Company, whereby such sum shall be borne by the shareholders of the Cooperation Company in accordance with their respective shareholding interest in the Cooperation Company.

The Framework Agreement and the Memorandum of Understanding merely present the intention and principle of cooperation between the Group and the Laizhou Government (and its subordinate entity) and does not bear the ultimate legal effect. As at the date of this announcement, the Group and Laizhou State Owned Capital Investment are still under negotiations in respect of the proposed formation of the JV Company, and up to the date of this announcement, the terms and conditions in respect of the proposed formation of the JV Company have yet to be finalised, and no definitive agreement or transaction in relation to such has been entered into or carried out.

For details, please refer to the announcements of the Company dated 3 June 2022 and 15 June 2022.

Save for the above, the Board is 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.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the Year.

Permitted Indemnity Provisions

At no time during the Year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or an associated company (if made by the Company).

Directors

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

Executive Directors

Mr. Qu Zhongrang
Mr. Fu Yuanhong
Mr. Wu Xiaoming

Non-executive Directors

Mr. Ju Mengjun
Mr. Zhang Xiongfeng

Independent non-executive Directors

Dr. Zhang Wei
Mr. Law Yui Lun
Dr. Jin Lizuo

In accordance with bye-law 84(1) of the bye-laws of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

Directors' service contracts

Mr. Qu Zhongrang was appointed as an executive Director and his service contract was renewed for a term of three years commencing from 23 April 2022, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director's fee of HK$50,000 per month.

Mr. Fu Yuanhong was appointed as an executive Director and his service contract was renewed for a term of three years commencing from 19 February 2022, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Fu's remuneration will be director's fee of HK$50,000 per month.

Mr. Wu Xiaoming was appointed as an executive Director and his service contract was renewed for a term of three years commencing from 1 October 2019, subject to retirement by rotation and re-election, in accordance with the bye-laws of the Company. Mr. Wu's remuneration will be director fee of HK$50,000 and salary of HK$170,000 per month.

Mr. Ju Mengjun was appointed as a non-executive Director for a term of three years commencing from 22 December 2020, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Ju remuneration will be director's fee of HK$30,000 per month.

Mr. Zhang Xiongfeng was appointed as a non-executive Director and his service contract was renewed for an initial term of three years commencing from 3 April 2021, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director's fee of HK$30,000 per month.

Dr. Zhang Wei was appointed as an independent non-executive Director and his service contract was renewed for an initial term of three years commencing from 1 November 2020, subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Dr. Zhang Wei shall receive a remuneration of HK$30,000 per month.

Mr. Law Yui Lun was appointed as an independent non-executive Director and his service contract was renewed for an initial term of three years commencing from 1 November 2020, subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Mr. Law shall receive a remuneration of HK$30,000 per month.

Dr. Jin Lizuo was appointed as an independent non-executive Director for an initial term of three years commencing from 11 February 2020, and is subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Dr. Jin Lizuo shall receive a remuneration of HK$30,000 per month.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' and chief executives' interests and short positions in 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 executives 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 are required (a) to be 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 such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, are as follows:

Long positions in ordinary shares of HK$0.01 each of the Company

Name of Director	Capacity	Number of Shares held	Percentage of the Company's issued share capital *(Note)*
Mr. Wu Xiaoming	Beneficial owner	41,240,000	1.13%
Mr. Zhang Xiongfeng	Beneficial owner	237,209,900	6.52%

Note: The percentage of shareholding was calculated based on the Company's total number of 3,640,627,457 Shares in issue as at 31 March 2022.

Share option scheme

The Group has adopted the current share option scheme (the "Share Option Scheme") pursuant to a resolution passed at the annual general meeting of the Company held on 25 September 2012. In accordance with the Share Option Scheme, the Company may grant the share options to individuals including employee or proposed employee, non-executive director and customer of the Company or any of its subsidiaries or entities in which the Group holds an equity interest and persons providing research, development or other technological support to the above in order to acquire shares of the Company. The Board considers that the Share Option Scheme enables the Group to provide incentives and rewards to the above participants for their contribution to the Group.

Save for the grant of share options by the Company on 13 January 2017, no share option has been granted since the adoption of the Share Option Scheme and there was no share option outstanding as at 31 March 2022 and as at the date of this annual report.

Further particulars of the Company's share option scheme are set out in note 40 of the notes to the consolidated financial statements in this annual report.

Arrangement to purchase shares or debentures

Other than the share option schemes disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in contracts

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Competing interests

In respect of the Year, the Directors were not aware of any business or interest of the Directors, the substantial Shareholders and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

Substantial shareholders' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at 31 March 2022, so far as it was known to any Directors or chief executive of the Company, the register of substantial shareholders maintained by the Company under section 336 of the SFO showed that the following shareholders (other than the Directors or chief executives of the Company) had an interest of 5% or more in the issued share capital of the Company:

Long position in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of Shares held	Percentage of the Company's issued share capital (Note 2)
山西省國有資本運營有限公司	Interest in a controlled corporation	1,027,985,995 (Note 1)	28.24%
山西大地環境投資控股有限公司	Interest in a controlled corporation	1,027,985,995 (Note 1)	28.24%
山西省環境集團有限公司	Interest in a controlled corporation	1,027,985,995 (Note 1)	28.24%
Dadi International Holdings Co., Ltd	Beneficial owner	1,027,985,995	28.24%

Note:

1. Dadi International Holdings Co., Ltd is beneficially and wholly-owned by 山西省環境集團有限公司, which is in turn beneficially and 90% owned by 山西大地環境投資控股有限公司, which is in turn beneficially and wholly-owned by 山西省國有資本運營有限公司. As such, each of 山西省環境集團有限公司, 山西大地環境投資控股有限公司 and 山西省國有資本運營有限公司 is deemed to be interested in the Shares held by Dadi International Holdings Co., Ltd.

   Save as disclosed above, as at 31 March 2022, the Company has not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

2. The percentage of shareholding was calculated based on the Company's total number of 3,640,627,457 Shares in issue as at 31 March 2022.

Retirement benefits scheme

Particulars of the retirement benefits scheme of the Group are set out in note 39 of the notes to the consolidated financial statements in this annual report.

Audit committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. 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 of three independent non-executive Directors namely, Mr. Law Yui Lun who is the chairman of the audit committee, Dr. Zhang Wei and Dr. Jin Lizuo, and one non-executive Director, Mr. Zhang Xiongfeng. During the Year, the audit committee held four meetings to review the Group's annual report, half-year report and quarterly reports.

Remuneration committee

The Company has established a remuneration committee with written terms of reference in accordance with the requirements of the CG Code. The remuneration committee comprises three independent non-executive Directors, namely Mr. Law Yui Lun, Dr. Jin Lizuo and Dr. Zhang Wei who is the chairman of the remuneration committee and two executive Directors, Mr. Fu Yuanhong and Mr. Wu Xiaoming. The principal responsibilities of the remuneration committee include recommendation to the Board on the Group's remuneration policy and structure for all remuneration of Directors and senior management of the Company, the determination of specific remuneration packages of all executive Directors and senior management of the Company, and to review and approve performance-based remuneration.

Nomination committee

The Company has established a nomination committee with written terms of reference in accordance with the requirements of the CG Code. The nomination committee comprises three independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Jin Lizuo and an executive Director, Mr. Fu Yuanhong who is the chairman of the nomination committee. The roles and functions of the nomination committee include nomination of potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

Related party transactions

Details of the material related party transactions undertaken in the ordinary course of business by the Group during the Year, which constituted connected transactions of the Group but was fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules are set out in note 38 of the notes to the consolidated financial statements in this annual report.

Auditors

The accounts for the Year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

There was no change of auditors of the Company in the past three years.

Compliance with relevant laws and regulations

The Company has been in compliance with relevant laws and regulations that have a significant impact on the Company.

On behalf of the Board

Fu Yuanhong
Chairman

Hong Kong, 31 August 2022

Independent Auditors' Report

国衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF DADI INTERNATIONAL GROUP LIMITED
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Dadi International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 50 to 155, which comprise the consolidated statement of financial position as at 31 March 2022, 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 4 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$378,480,000 for the year ended 31 March 2022 and, as of that date, the Group's current liabilities exceeded its current assets by HK$29,857,000. Further, the Group had defaulted borrowings of approximately HK$652,660,000. These events or conditions, along with other matters as set forth in note 4 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit address the key audit matter
Assessment of expected credit losses ("ECL") of trade, bills and other receivables and deposits, deposit for film production and deposit for purchase of film rights	
Refer to notes 4, 24 and 25 to the consolidated financial statements. At 31 March 2022, the Group had trade, bills and other receivables and deposits, deposit for film production and deposit for purchase of film rights of gross carrying amount of approximately HK$1,011,644,000, HK$115,221,000 and HK$15,413,000 respectively, with provision of ECL of HK$362,153,000, HK$84,342,000 and HK$11,282,000 respectively. The Group assessed whether the credit risk of trade, bills and other receivables and deposits, deposit for film production and deposit for purchase of film rights have increased significantly since their initial recognitions, and applied a three-stage impairment model to calculate their ECLs. In assessing the provision of ECLs, management exercises significant judgment on the selection of unobservable data inputs to the three-stage impairment model including probability of default, exposure at default and loss given default. We focused on ECL assessment due to the significance of the balances of trade, bills and other receivables and deposits, deposit for film production and deposit for purchase of film rights and the provision of ECL, and the assessment of ECL involves critical accounting estimates and judgments.	Our procedures in relation to management's ECL assessment of trade, bills and other receivables and deposits, deposit for film production and deposit for purchase of film rights included but not limited to: • Understanding and evaluating the modeling methodologies used by management for measuring ECL; assessing key parameters and assumptions made by management with reference to the relevant historical credit loss data of the Group, observable external economic data and discussion with independent qualified professional valuers; • For historical information, discussing with management to understand their process of assessing risk of default and identifying significant increase in credit risk and corroborating management's explanation with supporting evidence; and • For forward-looking information, reviewing the appropriateness of economic indicators selected by management's expert and testing the resulting calculation of the economic indicators determined thereby. Based on the procedures performed, we found management's assessment of ECL of trade, bills and other receivables and deposits, deposit for film production and deposit for purchase of film rights to be supportable by available evidences.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Fair value measurement on financial assets at fair value through other comprehensive income ("FVTOCI")	
Refer to notes 4 and 28 to the consolidated financial statements. At 31 March 2022, the Group had unlisted equity securities classified as financial assets at FVTOCI with the carrying amounts of approximately HK$46,737,000. The valuations of the Group's unlisted equity securities are based on a combination of market data and different valuation models which may require to consider numbers of input. The inputs to the valuation techniques used to measure fair value are classified into level 3 fair value hierarchy in HKFRS 13 *Fair Value Measurement*. We focused on fair value measurement on financial assets at FVTOCI as it involved the use of significant judgements and estimation uncertainty.	Our procedures in relation to management's fair value measurement on financial assets at FVTOCI included but not limited to: • Enquiring the management and assessing the methodologies used in fair value measurement and the appropriateness of the key assumptions and parameters; • Checking, on sample basis, the accuracy and relevance of the input data used by comparing key underlying financial data inputs to external sources and investee companies' financial information; • Evaluating the competence, capabilities and objectivity of the independent qualified professional valuers; and • Checking the arithmetical accuracy on the valuation model. Based on the procedures performed, we found management's fair value measurement on financial assets at FVTOCI to be supportable by available evidences.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. ("Other Information").

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' 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 auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- 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, actions taken to eliminate threats or safeguards applied.

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

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 31 August 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
Revenue	8	**37,961**	615,941
Cost of sales		**(19,492)**	(490,731)
Gross profit		**18,469**	125,210
Other gains or losses, net	9	**3,057**	3,587
Loss on disposal of subsidiaries		**–**	(20,161)
Administrative expenses		**(44,908)**	(70,665)
Allowance for expected credit losses, net		**(300,716)**	(143,913)
Impairment loss recognised in respect of property, plant and equipment	18	**(260)**	(1,182)
Impairment loss recognised in respect of right-of-use assets	19	**(397)**	(805)
Impairment loss recognised in respect of intangible asset	21	**–**	(8,682)
Impairment loss recognised in respect of goodwill	20	**–**	(7,721)
Share of profit/(loss) of an associate		**139**	(156)
Loss from operations	11	**(324,616)**	(124,488)
Finance costs	12	**(52,527)**	(60,155)
Loss before taxation		**(377,143)**	(184,643)
Income tax expense	13	**(1,337)**	(11,485)
Loss for the year		**(378,480)**	(196,128)
Other comprehensive income for the year			
Item that will not be reclassified to profit or loss:			
Fair value gain on financial assets at fair value through other comprehensive income		**6,900**	13,921
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**29,640**	48,221
Share of other comprehensive income of an associate, net of income tax		**12**	13
Other comprehensive income for the year, net of income tax		**36,552**	62,155
Total comprehensive expense for the year		**(341,928)**	(133,973)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(217,838)**	(152,500)
Non-controlling interests		**(160,642)**	(43,628)
		(378,480)	(196,128)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(184,505)**	(96,773)
Non-controlling interests		**(157,423)**	(37,200)
		(341,928)	(133,973)
Loss per share			
Basic and diluted	17	**HK(5.98) cents**	HK(4.27) cents

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	18	**272**	889
Right-of-use assets	19	**2,462**	1,379
Goodwill	20	**6,688**	6,417
Financial assets at fair value through other comprehensive income	28	**46,737**	39,789
Investment in an associate	22	**–**	312
		56,159	48,786
Current assets			
Inventories	23	**1,745**	–
Trade, bills and other receivables, deposits and prepayments	24	**975,203**	1,221,750
Deposit for film production	25	**30,879**	30,151
Deposit for purchase of film rights	25	**4,131**	4,033
Financial assets at fair value through profit or loss	27	**2**	2
Bank balances and cash	29	**16,854**	36,196
		1,028,814	1,292,132
Current liabilities			
Trade and other payables	30	**361,323**	298,848
Borrowings	31	**652,660**	627,156
Lease liabilities	32	**2,776**	2,390
Tax payable		**41,912**	41,821
		1,058,671	970,215
Net current (liabilities)/assets		**(29,857)**	321,917
Total assets less current liabilities		**26,302**	370,703
Non-current liabilities			
Lease liabilities	32	**219**	215
Net assets		**26,083**	370,488

Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Capital and reserves			
Share capital	35	**36,406**	36,406
Reserves		**158,467**	342,937
Equity attributable to owners of the Company		**194,873**	379,343
Non-controlling interests	41	**(168,790)**	(8,855)
Total equity		**26,083**	370,488

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 August 2022 and signed on its behalf by:

Fu Yuanhong
Director

Wu Xiaoming
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to the owners of the Company										
	Share capital	Share premium Note (i)	Contributed surplus Note (ii)	Capital contribution reserve Note (iii)	Statutory reserve Note (iv)	Revaluation reserve Note (v)	Translation reserve Note (vi)	Accumulated losses	Subtotal	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2020	35,649	1,823,073	325,798	–	6,939	(1,093)	(8,489)	(1,697,965)	483,912	51,903	535,815
Loss for the year	–	–	–	–	–	–	–	(152,500)	(152,500)	(43,628)	(196,128)
Other comprehensive income for the year, net of income tax:											
Fair value gain on financial assets at fair value through other comprehensive income	–	–	–	–	–	13,709	–	–	13,709	212	13,921
Exchange differences on translation of foreign operations	–	–	–	–	–	–	42,010	–	42,010	6,211	48,221
Share of other comprehensive income of an associate, net of income tax	–	–	–	–	–	–	8	–	8	5	13
Total comprehensive expense for the year	–	–	–	–	–	13,709	42,018	(152,500)	(96,773)	(37,200)	(133,973)
Issue of shares, net of issuing expenses (note 33)	757	5,500	–	–	–	–	–	–	6,257	–	6,257
Acquisition of a subsidiary (note 33)	–	–	–	–	–	–	–	–	–	11,840	11,840
Release of reserves upon disposal of subsidiaries (note 34)	–	–	–	–	–	–	207	–	207	–	207
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	2,067	2,067
Transfer to statutory reserve	–	–	–	–	767	–	–	(767)	–	–	–
Dividend declared and paid (note 16)	–	–	(14,260)	–	–	–	–	–	(14,260)	–	(14,260)
Dividend declared to non-controlling interests (note 41)	–	–	–	–	–	–	–	–	–	(37,465)	(37,465)
As at 31 March 2021 and 1 April 2021	**36,406**	**1,828,573**	**311,538**	**–**	**7,706**	**12,616**	**33,736**	**(1,851,232)**	**379,343**	**(8,855)**	**370,488**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(217,838)**	**(217,838)**	**(160,642)**	**(378,480)**
Other comprehensive income for the year, net of income tax:											
Fair value gain on financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**6,900**	**–**	**–**	**6,900**	**–**	**6,900**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**26,426**	**–**	**26,426**	**3,214**	**29,640**
Share of other comprehensive income of an associate, net of income tax	**–**	**–**	**–**	**–**	**–**	**–**	**7**	**–**	**7**	**5**	**12**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**6,900**	**26,433**	**(217,838)**	**(184,505)**	**(157,423)**	**(341,928)**
Release of revaluation reserve upon disposal of financial assets at fair value through other comprehensive income	**–**	**–**	**–**	**–**	**–**	**30**	**–**	**(30)**	**–**	**–**	**–**
Disposal of a subsidiary (note 34)	**–**	**–**	**–**	**295**	**–**	**–**	**(260)**	**–**	**35**	**(2,512)**	**(2,477)**
As at 31 March 2022	**36,406**	**1,828,573**	**311,538**	**295**	**7,706**	**19,546**	**59,909**	**(2,069,100)**	**194,873**	**(168,790)**	**26,083**

The accompanying notes form an integral part of these consolidated financial statements.

Notes:

(i) Share premium

After the change of domicile, the application of share premium account is governed by the relevant provisions set out in the Company's Bye-laws and the Companies Act.

(ii) Contributed surplus

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group.

The contributed surplus of the Company represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued in exchange pursuant to the reorganisation of the Group.

(iii) Capital contribution reserve

Capital contribution reserve represents the differences between the deemed consideration received and the proportionate share of the carrying amount of the net assets attributable to the owners of the Company upon the deemed disposal of a subsidiary.

(iv) Statutory reserve

The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior year losses, if any, and can be applied in conversion into the PRC subsidiaries' capital by means of capitalisation issue.

(v) Revaluation reserve

Revaluation reserve of the Group comprises all differences arising from the fair value changes of the financial assets at fair value through other comprehensive income. The reserve is dealt with in accordance with the accounting policies set out in note 4.

(vi) Translation reserve

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Operating activities			
Loss before taxation		**(377,143)**	(184,643)
Adjustments for:			
Interest income	9	**(93)**	(291)
Dividend income	9	**(3,135)**	(1,385)
Foreign exchange (gain)/loss, net	11	**(118)**	117
Interest expenses	12	**52,527**	60,155
Amortisation of intangible asset	11	**–**	1,085
Depreciation of property, plant and equipment	11	**320**	1,532
Depreciation of right-of-use assets	11	**3,522**	5,326
Loss on written off of property, plant and equipment	9	**76**	–
Loss on disposal of subsidiaries		**–**	20,161
Allowance for expected credit losses, net	11	**300,716**	143,913
Impairment loss recognised in respect of goodwill	20	**–**	7,721
Impairment loss recognised in respect of property, plant and equipment	18	**260**	1,182
Impairment loss recognised in respect of right-of-use assets	19	**397**	805
Impairment loss recognised in respect of intangible assets	21	**–**	8,682
Share of (profit)/loss of an associate		**(139)**	156
Operating cash flows before movements in working capital		**(22,810)**	64,516
Increase in inventories		**(1,716)**	–
Increase in trade, bills and other receivables, deposits and prepayments		**(39,841)**	(193,626)
Increase in trade and other payables		**49,754**	157,519
Cash (used in)/generated from operating activities		**(14,613)**	28,409
Tax paid		**(3,088)**	(12,787)
Net cash (used in)/generated from operating activities		**(17,701)**	15,622

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Investing activities			
Interest received		**93**	291
Dividend received		**2,680**	1,385
Investment in an associate		**–**	(457)
Capital reduction of financial asset at fair value through other comprehensive income		**–**	1,434
Net cash inflow from acquisition of a subsidiary	33	**–**	660
Net cash outflow from disposal of subsidiaries	34	**(3,247)**	(27)
Acquisition of financial asset at fair value through other comprehensive income		**(622)**	–
Proceeds from disposal of financial asset at fair value through other comprehensive income		**6,088**	–
Acquisition of property, plant and equipment	18	**(288)**	(618)
Net cash generated from investing activities		**4,704**	2,668
Financing activities			
Interest paid		**(6,465)**	(59,632)
Proceeds from borrowings		**608,386**	36,145
Repayment of borrowings		**(604,404)**	–
Capital contribution from non-controlling interests		**–**	2,067
Repayment of lease liabilities		**(4,995)**	(6,145)
Dividend paid to owners of the Company		**–**	(14,260)
Net cash used in financing activities		**(7,478)**	(41,825)
Net decrease in cash and cash equivalents		**(20,475)**	(23,535)
Cash and cash equivalents at beginning of the year		**36,196**	55,871
Effect of foreign exchange rate changes		**1,133**	3,860
Cash and cash equivalents at end of the year			
Bank balances and cash	29	**16,854**	36,196

The accompanying notes form an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Dadi International Group Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 9 November 2001 and continued in Bermuda on 20 April 2009. The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 August 2002. Its immediate holding company is Dadi International Holdings Co., Ltd and ultimate holding company is 山西省國有資本運營有限公司, a company incorporated in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are publication, purchase and distributing of books, provision of environmental consultancy services, provision of financial leasing and other financial services, provision of advertising and media related services and sale of healthcare products.

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

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

3. NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[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 HKFRSs	Annual Improvements to HKFRSs 2018-2020[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] Effective for annual periods beginning on or after a date to be determined.

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

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

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

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

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation of consolidated financial statements *(continued)*

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

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

Going concern

For the year ended 31 March 2022, the Group incurred a net loss of approximately HK$378,480,000, and as of that date, the Group's current liabilities exceeded its current assets by HK$29,857,000. Further, the Group had defaulted borrowings of approximately HK$652,660,000. The directors of the Company adopted the going concern basis in the preparation of consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group. In view of such circumstances, the directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital and finance requirements. Certain measures have been and will be taken to manage its liquidity need and to improve its financial position which include, but are not limited to, the followings:

(i) The Company has actively negotiated with financial institutions to secure the renewals of the Group's borrowings and the financial institutions have agreed to waive defaulted interests;

(ii) Subsequent to the end of the reporting period, the Group has obtained a written confirmation from 山西省環境集團有限公司, a substantial shareholder of the Company, which confirms to provide continuing financial support to the Group to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future, and not to demand repayment of any of the amounts due to them by the Group in the next twelve months from the date of confirmation;

(iii) The Group has taken measures to tighten cost controls over production costs and expenses with the aim of attaining profitable and positive cash flow operations;

(iv) The Group may consider to dispose non-core business and/or financial assets if required; and

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation of consolidated financial statements *(continued)*

Going concern *(continued)*

(v) The Company has actively negotiated with investors for obtaining further financing when necessary including but not limited to shareholder's loan, equity financing and bank borrowings to improve the liquidity of the Group.

In the opinion of the directors of the Company, in light of the various measures or arrangements implemented after the end of reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and 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 carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

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

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination *(continued)*

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

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

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination *(continued)*

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the groups of CGUs) retained.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment in an associate

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

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of an associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in an associate *(continued)*

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in an associate is included in the determination of the gain or loss on disposal of an associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value represents the estimated selling prices for inventories less all costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 20%
Furniture and fixtures	20% – 33%
Showroom equipment	33%
Office equipment	20% – 33%
Motor vehicles	20% – 25%

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

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

Leases

Definition of a lease

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee

Allocation of consideration to components of a contract

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

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee *(continued)*

Right-of-use assets (continued)

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

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

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Group as a lessee *(continued)*

Lease liabilities *(continued)*

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

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

All other financial assets are subsequently measured at FVTPL, except that at the initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combination* applies.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

A financial asset is held for trading if:

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

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

Amortised cost and interest income

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

Debt instruments classified as at FVTOCI

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

Equity instruments designated as at FVTOCI

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

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

Financial assets at FVTPL

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

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

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade, bills and other receivables and deposits, deposit for film production, deposit for purchase of film rights and bank balances and cash which are subject to impairment assessment under HKFRS 9). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade receivables without significant financing component. The ECL on these assets are assessed individually and/or collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

a) significant financial difficulty of the issuer or the borrower;

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets *(continued)*

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

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

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

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments through a loss allowance account.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities

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

Financial liabilities at amortised cost

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of tangible and intangible assets other than goodwill

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

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

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

Film rights

Film rights represent films produced by the Group or acquired by the Group which are initially recognised at cost.

Film rights purchased through acquisition are initially measured as the fair value of the consideration given for the recognition of the film rights.

Film rights are stated at cost less accumulated amortisation and accumulated impairment losses. The cost of film rights are amortised over their estimated useful lives upon release of the film. Film rights not ready for release are not subject to amortisation and are tested annually for impairment.

The carrying amount of film rights is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers

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

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

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

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue from contracts with customers *(continued)*

Principal versus agent *(continued)*

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Revenue recognition policies

(i) Environmental consultancy service

Revenue from environmental assessment service is recognised at a point in time when the environmental assessment report is completed and delivered.

Revenue from environmental consulting and monitoring service is recognised over time using output method, over the period of services provided. Revenue is recognised on the basis of direct measurement of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

(ii) Financial services

Revenue from financial services is recognised over time using output method, over the period of services provide. Revenue is recognised on the basis of direct measurement of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

(iii) Sale of healthcare products

Revenue from sale of healthcare products is recognised at a point in time when control of the healthcare products has been transferred, being when the healthcare products have been delivered to the customer.

(iv) Publication, purchase and distribution of books

Revenue from publication, purchase and distribution of books is recognised at a point in time when control of the books has been transferred, being when the books have been delivered to the wholesaler's specific location (delivery).

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong.

Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. 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 Company's subsidiaries operating in the PRC are members of retirement benefits schemes (the "PRC RB Schemes") managed by the local municipal governments. The PRC subsidiaries are required to contribute to the PRC RB Schemes to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefit obligation of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the PRC RB Schemes is to meet the required contributions under the PRC RB Schemes. The contribution are charged to the profit or loss as they become payable in accordance with the relevant laws and regulations of the PRC.

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share-based compensation reserve with equity. The fair value is measured at grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated statement of profit or loss and other comprehensive income for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payments *(continued)*

On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated losses).

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profits. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

Deferred tax *(continued)*

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

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

Government grants

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

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

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

Related parties

A related party is a person or entity that 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 the key management personnel of the Group or of a parent of the Group.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

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

(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 employees of either 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 (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

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

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

Segment reporting

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

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

5. 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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

Gearing ratio

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The gearing ratios at 31 March 2022 and 2021 were as follows:

	2022 **HK$'000**	2021 HK$'000
Total debt (Note a)	**655,655**	629,761
Less: cash and cash equivalents	**(16,854)**	(36,196)
Net debt	**638,801**	593,565
Equity (Note b)	**26,083**	370,488
Net debt to equity ratio	**2,449.1%**	160.2%
Total debt to equity ratio	**2,513.7%**	170.0%

Notes:

(a) Debt included borrowings and lease liabilities, as detailed in notes 31 and 32, respectively.

(b) Equity included all capital and reserves of the Group.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2022 **HK$'000**	2021 HK$'000
Financial assets		
Financial assets at FVTOCI	**46,737**	39,789
Financial assets at FVTPL	**2**	2
Financial assets at amortised cost	**701,355**	947,523
Financial liabilities		
Financial liabilities at amortised cost	**1,016,978**	928,609

Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At 31 March 2022				
Assets				
Financial assets at FVTOCI	**–**	**–**	**46,737**	**46,737**
Financial assets at FVTPL	**2**	**–**	**–**	**2**
At 31 March 2021				
Assets				
Financial assets at FVTOCI	–	–	39,789	39,789
Financial assets at FVTPL	2	–	–	2

6. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurement *(continued)*

Type	Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs	Sensitivity analysis
Financial assets				
FVTOCI				
Trust guarantee fund 2021: HK$5,832,000	Level 3	Discounted cash flow Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the the pledged security fund, based on an appropriate discount rate	Discount rate 2021: 5.07%	Note (i)
Unlisted equity securities 2022: HK$46,115,000 (2021: HK$33,957,000)	Level 3	Market approach The price to earnings ratio of the comparable companies are considered in the valuation to reflect the condition that there may be premium or discount on its carrying value Discount for lack of marketability, determined with reference to the market research performed by Stout Risius Ross, LLC.	Price-to-earnings multiple 2022: 11.7 times to 19.1 times (2021: 16.8 times) Discount for lack of marketability 2022: 20.6% (2021: 20.6%)	Note (ii) and (iii)
Unlisted equity securities 2022: HK$622,000	Level 3	Asset-based approach	Net asset value	
FVTPL				
Listed equity securities 2022: HK$2,000 (2021: HK$2,000)	Level 1	Quoted bid price in an active market	N/A	

Notes:

(i) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the trust guarantee fund, and vice versa. A 5% change in the discount rate holding all other variables constant would change the recoverable amounts of trust guarantee fund by approximately HK$7,000 at 31 March 2021.

(ii) An increase in the price-to-earnings multiple used in isolation would result in a increase in the fair value measurement of the unlisted equity securities, and vice versa. A 5% change in the price-to-earnings multiple holding all other variables constant would change the recoverable amounts of unlisted equity securities by approximately HK$2,343,000 at 31 March 2022 (2021: HK$1,661,000).

(iii) An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the unlisted equity securities, and vice versa. A 5% change in the discount for lack of marketability holding all other variables constant would change the recoverable amounts of unlisted equity securities by approximately HK$493,000 at 31 March 2022 (2021: HK$475,000).

6. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurement *(continued)*

The reconciliation of Level 3 fair value measurements is as following:

	Trust guarantee fund HK$'000	Unlisted equity securities HK$'000	Total HK$'000
As at 1 April 2020	4,981	21,246	26,227
Capital reduction	–	(2,867)	(2,867)
Gain arising on change in fair value recognised in OCI	433	13,488	13,921
Exchange alignment	418	2,090	2,508
As at 31 March 2021 and 1 April 2021	5,832	33,957	39,789
Disposal	(6,088)	–	(6,088)
Addition	–	4,425	4,425
Gain arising on change in fair value recognised in OCI	–	6,900	6,900
Exchange alignment	256	1,455	1,711
As at 31 March 2022	**–**	**46,737**	**46,737**

Included in OCI is a gain amount of HK$6,900,000 (2021: gain of HK$13,921,000) relating to financial assets at FVTOCI held at the end of the current reporting period and is reported as revaluation reserve. There were no transfer between Level 1, 2 and 3.

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

Financial risk management objectives and policies

Details of the financial instruments for both the Group are disclosed in respective notes to the financial statements. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Group's major financial instruments include financial assets at FVTOCI, financial assets at FVTPL, trade, bills and other receivables and deposits, deposit for film production, deposit for purchase of film rights, bank balances and cash, trade and other payables, borrowings and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk

The Group's credit risk is primarily attributable to trade, bills and other receivables and deposits, deposit for film production, deposit for purchase of film rights and bank balances. Management of the Company has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In relation to the Group's bank balance and cash, the Group limits its exposure to credit risk by placing deposits with financial institutions with high credit rating and no recent history of default. The directors of the Company consider that the Group's credit risk on the bank deposits is low. Management continues to monitor the position and will take appropriate action if their ratings should change. As at 31 March 2022 and 2021, the Group has no significant concentration of credit risk in relation to deposits with bank.

In respect of trade receivables, the credit periods usually vary from one month to three months depending on the nature of the business. Extension may be granted to major customers and each customer is granted a maximum credit limit. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and also taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted and all overdue balances are reviewed regularly by the management of the Company. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry and country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group has certain concentration of credit risk as 95.62% (2021: 96.06%) and 97.53% (2021: 98.12%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any loss allowance. The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

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

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

For deposits and other receivables, the Group applies either a 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition then impairment is measured as lifetime expected credit losses.

For deposit for film production and deposit for purchase of films rights relating to accounts that are long overdue with significant amounts, known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. The Group recognised the provision for expected credit losses by assessing the credit risk characteristics of debtor, discount rate and the likelihood of recovery and considering the prevailing economic conditions.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

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

As at 31 March 2022	**Expected loss rate %**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Less than 1 month past due	**0.31**	**1,593**	**5**
1 to 3 months past due	**1.43**	**1,956**	**28**
More than 3 months	**41.80**	**680,718**	**284,522**
		684,267	**284,555**

As at 31 March 2021	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Less than 1 month past due	0.57	2,454	14
1 to 3 months past due	0.77	3,368	26
More than 3 months	1.05	653,852	6,891
		659,674	6,931

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The following table shows the movement of allowances for ECL of trade and bills receivables as at 31 March 2022 and 2021:

	Lifetime ECL (non credit-Impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
Trade and bills receivables			
As at 1 April 2020	1,165	824	1,989
– Allowance for ECL, net	4,942	–	4,942
As at 31 March 2021 and 1 April 2021	6,107	824	6,931
– Transfer to credit-impaired	(5,515)	5,515	–
– Allowance for ECL, net	12,188	265,436	277,624
As at 31 March 2022	12,780	271,775	284,555

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The Group uses three categories for those receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Company definition of category	Basis for recognition of loss allowance
Performing	Receivables whose credit risk is in line with original expectations	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its lifetime ECL (stage 1)
Underperforming	Receivables for which a significant increase has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL (stage 2)
Non-performing (credit-impaired)	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Lifetime ECL (stage 3)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery	Amount is written off

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of customers. No significant changes to estimation techniques or assumptions were made during the reporting period.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The loss allowance for other receivables and deposits, deposit for film production and deposit for purchase of film rights as at 31 March 2022 and 2021 was determined as follows:

	2022				2021			
Other receivables and deposits	**Performing HK$'000**	**Under-performing HK$'000**	**Non-performing (credit-impaired) HK$'000**	**Total HK$'000**	Performing HK$'000	Under-performing HK$'000	Non-performing (credit-impaired) HK$'000	Total HK$'000
Expected loss rate	**3.02%**	**–**	**79.18%**		3.10%	8.50%	72.73%	
Gross carrying amount	**238,483**	**–**	**88,894**	**327,377**	199,395	53,906	66,256	319,557
Loss allowance	**7,210**	**–**	**70,388**	**77,598**	6,189	4,581	48,190	58,960

	2022		2021	
Deposit for film production	**Non-performing (credit-impaired) HK$'000**	**Total HK$'000**	Non-performing (credit-impaired) HK$'000	Total HK$'000
Expected loss rate	**73.20%**		72.73%	
Gross carrying amount	**115,221**	**115,221**	110,564	110,564
Loss allowance	**84,342**	**84,342**	80,413	80,413

	2022		2021	
Deposit for purchase of film rights	**Non-performing (credit-impaired) HK$'000**	**Total HK$'000**	Non-performing (credit-impaired) HK$'000	Total HK$'000
Expected loss rate	**73.20%**		72.73%	
Gross carrying amount	**15,413**	**15,413**	14,790	14,790
Loss allowance	**11,282**	**11,282**	10,757	10,757

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The following tables show the movement of allowances for ECL of other receivables and deposits, deposit for film production and deposit for purchase of film rights as at 31 March 2022 and 2021:

	12m ECL	Lifetime ECL (non credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Other receivables and deposits				
As at 1 April 2020	2,575	3,914	–	6,489
– Transfer to credit-impaired	(253)	–	253	–
– Allowance for ECL, net	3,867	667	47,937	52,471
As at 31 March 2021 and 1 April 2021	6,189	4,581	48,190	58,960
– Transfer to credit-impaired	(176)	–	176	–
– Allowance for ECL, net	1,197	(4,581)	22,022	18,638
As at 31 March 2022	7,210	–	70,388	77,598

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

	Lifetime ECL (non credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
Deposit for film production			
As at 1 April 2020	–	2,882	2,882
– Allowance for ECL, net	–	77,531	77,531
As at 31 March 2021 and 1 April 2021	–	80,413	80,413
– Allowance for ECL, net	–	3,929	3,929
As at 31 March 2022	–	84,342	84,342
Deposit for purchase of film rights			
As at 1 April 2020	–	1,788	1,788
– Allowance for ECL, net	–	8,969	8,969
As at 31 March 2021 and 1 April 2021	–	10,757	10,757
– Allowance for ECL, net	–	525	525
As at 31 March 2022	–	11,282	11,282

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group held cash and cash equivalents amounting to approximately HK$16,854,000 at 31 March 2022 (2021: HK$36,196,000).

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity at the end of the reporting period of the Group's financial liabilities based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group was required to pay. The analysis is performed on the same basis for 2021.

	Weighted average effective Interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2022						
Trade and other payables	–	361,323	–	–	361,323	361,323
Borrowings	8.0	652,660	–	–	652,660	652,660
Lease liabilities	5.9	2,864	220	–	3,084	2,995
		1,016,847	220	–	1,017,067	1,016,978
2021						
Trade and other payables	–	298,848	–	–	298,848	298,848
Borrowings	10.1	643,623	–	–	643,623	627,156
Lease liabilities	9.2	2,510	217	–	2,727	2,605
		944,981	217	–	945,198	928,609

Interest rate risk

The Group does not have material exposure to interest rate risk, as the Group has no financial assets and liabilities of material amounts with floating interest rates except for deposits held in the banks. Cash at bank earns interest at floating rates based on the daily bank deposits rates during the year. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

The Group monitors the interest rate exposure on a continuous basis and adjusts the portfolio of bank saving balances and borrowings where necessary.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Foreign currency risk

The Group mainly operates in Hong Kong and the PRC and is exposed to currency risk primarily through bank balances and cash that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transaction relate. The currencies giving rise to this risk are primarily Renminbi ("RMB") and United States Dollars ("USD"). Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB and USD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

There is no material foreign exchange risk noted for the Group as:

– as HK$ are pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies;

– the transactions of the Company are mainly denominated in HK$, which is the functional currencies of the Company; and

– the operations and customers of the Group's subsidiaries are mainly located in Hong Kong and the PRC with most of the operating assets and transactions denominated and settled in their functional currencies of the Group's subsidiaries.

Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL and FVTOCI. For equity securities measured at FVTPL quoted in active market, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group also invested in certain unlisted equity securities for investees operating in finance industry sector for long term strategic purposes which had been designated as FVTOCI. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

Please refer to fair value measurement as above for more details on sensitivity analysis.

7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

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

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

Critical judgements in applying accounting policies

Power to exercise control over Shanxi Dadi Holdings Equity Investment Fund Management Co., Ltd* ("Shanxi Dadi EIF")（山西大地控股股權投資基金管理有限公司）

The Group's investment in Shanxi Dadi EIF is classified as a financial asset at FVTOCI as disclosed in note 28 although the Group has 60% equity interest in Shanxi Dadi EIF. The Group lacks direct or indirect involvement at board level and does not participate in policy-making related processes or activities of Shanxi Dadi EIF. With these facts and circumstances, the directors concluded that the Group does not have control over Shanxi Dadi EIF.

Key sources of estimation uncertainty

Provision of ECL for financial assets carried at amortised costs

The Group determined the provision of ECL for financial assets carried at amortised costs based on the ECL of these financial assets. The Group applies significant judgement in the determination of the impairment model and the use of parameters. The Group also uses significant judgement in its assessment on whether there is any significant increase in credit risk of these receivables. The Group makes assumptions on the economic indicators for forward-looking information and the application of economic scenarios and probability weightings.

* *For identification purposes only*

7. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES *(continued)*

Key sources of estimation uncertainty *(continued)*

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the CGU (or group of CGUs) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU (or a group of CGUs) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts. Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in note 18.

Fair value measurement of financial instruments

As at 31 March 2022, the Group's financial assets at FVTOCI are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See note 6 for further disclosures.

8. REVENUE

	2022 HK$'000	2021 HK$'000
Revenue from contract with customers		
Over time		
Environmental consultancy services	**16,824**	4,171
Financial services	**230**	3,237
	17,054	7,408
At a point in time		
Environmental consultancy services	**17,924**	–
Sale of healthcare productions	**274**	–
Publication, purchase and distribution of books	**2,709**	608,533
	20,907	608,533
Total	**37,961**	615,941

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

9. OTHER GAINS OR LOSSES, NET

	2022 HK$'000	2021 HK$'000
Interest income on:		
Bank deposits	**93**	205
Financial assets at FVTOCI	**–**	86
Total interest income	**93**	291
Dividend income	**3,135**	1,385
Government grants (note)	**–**	1,797
Loss on written off of property, plant and equipment	**(76)**	–
Others	**(95)**	114
Total	**3,057**	3,587

Note: For the year ended 31 March 2021, the Group recognised government grants of HK$1,797,000 of which HK$270,000 relates to Employment Support Scheme provided by the Hong Kong government and HK$1,527,000 relates to enterprise support fund provided by the PRC government.

10. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geographical locations. In a manner consistent with the way in which information is reported internally to the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i)	Advertising and media related services:	Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in Hong Kong and the PRC.
(ii)	Financial leasing and other financial services:	Provision of financial leasing and other financial services in the PRC.
(iii)	Publication, purchase and distribution of books:	Engaged in publication, purchase and distribution of books in the PRC.
(iv)	Environmental consultancy services:	Provision of environmental consultancy services in the PRC.
(v)	Healthcare products:	Engaged in sales of healthcare products in the PRC.

During the year ended 31 March 2022, the Group commenced the business engaging in sales of healthcare products in the PRC, and it is considered as a new operating and reportable segment by the CODM.

Segment revenues and results

Information regarding the Group's reportable segments as provided to CODM for the purposes of resources allocation and assessments of segment performance for the years ended 31 March 2022 and 2021 is set out below:

	Advertising and media related services		Financial leasing and other financial services		Publication, purchase and distribution of books		Environmental consultancy services		Healthcare products		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue												
Sales to external customers	**–**	–	**230**	3,237	**2,709**	608,533	**34,748**	4,171	**274**	–	**37,961**	615,941
Segment results	**(19,525)**	(159,869)	**(29,729)**	(14,507)	**(312,756)**	39,728	**7,731**	599	**(1,502)**	–	**(355,781)**	(134,049)
Loss on disposal of subsidiaries											**–**	(20,161)
Share of profit/(loss) of an associate											**139**	(156)
Unallocated other gains or losses, net											**(257)**	399
Unallocated expenses											**(18,781)**	(29,938)
Loss from operations											**(374,680)**	(183,905)
Unallocated finance costs											**(2,463)**	(738)
Loss before taxation											**(377,143)**	(184,643)
Income tax expense											**(1,337)**	(11,485)
Loss for the year											**(378,480)**	(196,128)

10. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 4. Segment results represent the profit/(loss) of each segment without allocation of central administration cost including directors' remuneration, certain other gains or losses, net, certain finance costs and income tax expense. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	Advertising and media related services		Financial leasing and other financial services		Publication, purchase and distribution of books		Environmental consultancy services		Healthcare products		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**59,582**	70,105	**166,896**	190,505	**695,233**	925,569	**41,218**	38,847	**7,002**	–	**969,931**	1,225,026
Unallocated assets											**115,042**	115,892
Total assets											**1,084,973**	1,340,918
Segment liabilities	**32,786**	45,049	**30,025**	28,540	**919,471**	258,307	**7,404**	6,701	**6,886**	–	**996,572**	338,597
Unallocated liabilities											**62,318**	631,833
Total liabilities											**1,058,890**	970,430

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

– all assets are allocated to reportable segments other than certain property, plant and equipments, certain right-of-use assets, investment in an associate, financial assets at FVTOCI, financial assets at FVTPL and corporate financial assets; and

– all liabilities are allocated to reportable segments other than certain lease liabilities, current tax liabilities, corporate financial liabilities and borrowings.

10. SEGMENT INFORMATION *(continued)*

Other segment information

	Advertising and media related services		Financial leasing and other financial services		Publication, purchase and distribution of books		Environmental consultancy services		Healthcare products		Unallocated		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest expenses	**–**	–	**–**	–	**(50,064)**	(59,417)	**–**	–	**–**	–	**(2,463)**	(738)	**(52,527)**	(60,155)
Addition to non-current assets*	**–**	–	**–**	296	**–**	265	**269**	6,501	**19**	–	**4,969**	57	**5,257**	7,119
Allowances for ECL, net	**(18,004)**	(132,723)	**(21,000)**	(2,680)	**(262,015)**	(7,480)	**(68)**	(155)	**(4)**	–	**375**	(875)	**(300,716)**	(143,913)
Depreciation of property, plant and equipment	**–**	(504)	**–**	(81)	**(122)**	(869)	**(149)**	(11)	**(25)**	–	**(24)**	(67)	**(320)**	(1,532)
Depreciation of right-of-use assets	**–**	–	**–**	–	**–**	(946)	**–**	–	**–**	–	**(3,522)**	(4,380)	**(3,522)**	(5,326)
Amortisation of intangible asset	**–**	(1,085)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(1,085)
Impairment of goodwill	**–**	(7,721)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(7,721)
Impairment of intangible asset	**–**	(8,682)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(8,682)
Impairment of property, plant and equipment	**–**	(800)	**(20)**	(302)	**(224)**	–	**–**	–	**(16)**	–	**–**	(80)	**(260)**	(1,182)
Impairment of right-of-use assets	**–**	–	**–**	–	**(168)**	–	**–**	–	**–**	–	**(229)**	(805)	**(397)**	(805)

* Non-current assets excluded financial instruments.

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets* ("specified non-current assets"). The geographical location of customers is based on the location of the revenue derived, and the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

The Group operates in three principal geographical areas – Hong Kong, Japan and the PRC (excluding Hong Kong).

10. SEGMENT INFORMATION *(continued)*

Geographical information *(continued)*

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets*	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**2,479**	279
Japan	**–**	–	**15**	33
The PRC	**37,961**	615,941	**6,928**	8,685
	37,961	615,941	**9,422**	8,997

* Non-current assets excluded financial instruments.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2022	2021
	HK$'000	HK$'000
Customer A[1]	**–**	608,533

[1] Revenue from publication, purchase and distribution of books

Except disclosed above, no other customers contributed 10% or more to the Group's revenue for both years.

11. LOSS FROM OPERATIONS

The Group's loss from operations has been arrived at after charging/(crediting):

	2022 HK$'000	2021 HK$'000
Auditors' remuneration		
Audit service	**1,096**	1,140
Non-audit service	**–**	240
	1,096	1,380
Amortisation of intangible asset (note 21)	**–**	1,085
Depreciation of property, plant and equipment (note 18)	**320**	1,532
Depreciation of right-of-use assets (note 19)	**3,522**	5,326
Total amortisation and depreciation	**3,842**	7,943
Foreign exchange (gain)/loss, net	**(118)**	117
Expenses relating to short-term leases	**–**	256
Allowance for ECL, net		
– Trade receivables	**277,624**	4,942
– Other receivables and deposits	**18,638**	52,471
	296,262	57,413
– Deposit for film production	**3,929**	77,531
– Deposit for purchase of film rights	**525**	8,969
	300,716	143,913
Staff costs (including directors' remuneration)		
Salaries and allowances	**19,648**	22,014
Contribution to retirement benefits scheme	**1,083**	1,176
	20,731	23,190

12. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on borrowings	**52,181**	59,632
Interest on lease liabilities	**346**	523
Total	**52,527**	60,155

13. INCOME TAX EXPENSE

	2022 HK$'000	2021 HK$'000
Current tax:		
PRC Enterprise Income Tax	**1,337**	11,502
Over-provision in respect of prior years:		
PRC Enterprise Income Tax	**–**	(17)
Total tax charge	**1,337**	11,485

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

13. INCOME TAX EXPENSE *(continued)*

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No provision for profits tax is made in other jurisdictions as the subsidiaries operating in other jurisdictions have no assessable profits for the both years.

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

	2022	2021
	HK$'000	HK$'000
Loss before taxation	**(377,143)**	(184,643)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(89,915)**	(40,481)
Tax effect of income not taxable for tax purpose	**(1,430)**	(406)
Tax effect of expenses not deductible for tax purpose	**91,593**	47,258
Tax effect of share of profit/(loss) of an associate	**35**	(39)
Over-provision in respect of prior years	**–**	(17)
Utilisation of tax losses previously not recognised	**(16)**	(196)
Tax effect of tax losses not recognised	**1,070**	5,366
Income tax expense for the year	**1,337**	11,485

13. INCOME TAX EXPENSE *(continued)*

At 31 March 2022, the Group has unused tax losses of approximately HK$200,701,000 (2021: HK$202,340,000) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax loss due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$68,526,000 (2021: HK$70,165,000) with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

	2022	2021
	HK$'000	HK$'000
2021	**–**	5,919
2022	**25,658**	25,658
2023	**8,972**	8,972
2024	**11,251**	11,251
2025	**18,365**	18,365
2026	**4,280**	–
	68,526	70,165

14. DIRECTORS' REMUNERATION

Details of the remuneration paid to the directors of the Company are as follows:

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
For the year ended 31 March 2022				
Executive directors:				
Mr. Qu Zhongrang	**600**	**–**	**–**	**600**
Mr. Fu Yuanhong	**600**	**–**	**–**	**600**
Mr. Wu Xiaoming	**600**	**1,977**	**209**	**2,786**
Non-executive directors:				
Mr. Zhang Xiongfeng	**360**	**–**	**–**	**360**
Mr. Ju Meng Jun	**360**	**–**	**–**	**360**
Independent non-executive directors:				
Dr. Jin Lizuo	**360**	**–**	**–**	**360**
Mr. Law Yui Lun	**360**	**–**	**–**	**360**
Dr. Zhang Wei	**360**	**–**	**–**	**360**
Total	**3,600**	**1,977**	**209**	**5,786**

14. DIRECTORS' REMUNERATION *(continued)*

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
For the year ended 31 March 2021				
Executive directors:				
Mr. Qu Zhongrang	600	–	–	600
Mr. Fu Yuanhong	600	–	–	600
Mr. Wu Xiaoming	600	1,898	110	2,608
Non-executive directors:				
Mr. Zhang Xiongfeng	360	–	–	360
Mr. Zhang Honghai (note (a))	96	–	–	96
Mr. Ju Meng Jun (note (b))	100	–	–	100
Independent non-executive directors:				
Dr. Jin Lizuo	360	–	–	360
Mr. Law Yui Lun	360	–	–	360
Dr. Zhang Wei	360	–	–	360
Total	3,436	1,898	110	5,444

Notes:

(a) Mr. Zhang Honghai was resigned as non-executive director on 7 July 2020.

(b) Mr. Ju Meng Jun was appointed as non-executive director on 22 December 2020.

Mr. Fu Yuanhong is the chairman of the Company and his emoluments disclosed above include those for service rendered by him.

Mr. Wu Xiaoming is the executive vice chairman and chief executive officer of the Company and his emoluments disclosed above include those for service rendered by him.

During the years ended 31 March 2022 and 2021, no emoluments or incentive payments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments for both years.

14. DIRECTORS' REMUNERATION *(continued)*

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was party and in which a director of the Company had material interest, whether directly or indirectly, subsisted at the end of the year or at any time for both years.

15. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Five highest paid individual

The five highest paid individuals during the year included one (2021: one) director. Details of their remuneration are set out in note 14 to the consolidated financial statements. The emoluments of the remaining four (2021: four) individuals with highest emoluments for the years ended 31 March 2022 and 2021 were as follows:

	2022	2021
	HK$'000	HK$'000
Salaries and allowances	**5,810**	8,212
Retirement benefits scheme contribution	**318**	286
Total	**6,128**	8,498

The number of non-director, highest paid individuals whose remuneration fell within the following bands, is as follows:

	Number of employees	
	2022	2021
HK$Nil to HK$1,000,000	**3**	–
HK$1,000,001 to HK$1,500,000	**1**	2
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**–**	1
HK$2,500,001 to HK$3,000,000	**–**	1
	4	4

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

16. DIVIDEND

No final dividend was paid or proposed during the year ended 31 March 2022, nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period (2021: nil).

17. LOSS PER SHARE

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

	2022	2021
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(217,838)**	(152,500)

	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,640,627,457**	3,575,520,623

No diluted loss per share were presented as there were no potential ordinary shares in issue in both years.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Showroom equipment HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
As at 1 April 2020	3,696	469	2,400	1,296	4,818	12,679
Acquired on a acquisition of a subsidiary (note 33)	–	–	–	127	–	127
Additions	265	252	–	101	–	618
Exchange alignment	278	24	–	80	129	511
As at 31 March 2021 and 1 April 2021	4,239	745	2,400	1,604	4,947	13,935
Additions	–	–	–	288	–	288
Disposal of a subsidiary	–	(274)	–	(140)	–	(414)
Written off	(65)	(43)	–	(116)	(2,350)	(2,574)
Exchange alignment	12	12	–	53	17	94
As at 31 March 2022	4,186	440	2,400	1,689	2,614	11,329
Accumulated depreciation and impairment						
As at 1 April 2020	2,881	327	1,640	882	4,221	9,951
Depreciation for the year	766	45	480	159	82	1,532
Impairment loss for the year	141	106	280	133	522	1,182
Exchange alignment	239	7	–	58	77	381
As at 31 March 2021 and 1 April 2021	4,027	485	2,400	1,232	4,902	13,046
Depreciation for the year	66	13	–	210	31	320
Impairment loss for the year	149	12	–	79	20	260
Eliminated on disposal of a subsidiary	–	(34)	–	(34)	–	(68)
Eliminated on written off	(65)	(41)	–	(42)	(2,350)	(2,498)
Exchange alignment	9	–	–	(23)	11	(3)
As at 31 March 2022	4,186	435	2,400	1,422	2,614	11,057
Net carrying amounts						
As at 31 March 2022	**–**	**5**	**–**	**267**	**–**	**272**
As at 31 March 2021	212	260	–	372	45	889

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

For the year ended 31 March 2022

As at 31 March 2022, due to the bleak market prospect of the financial leasing and other financial services segment, publication, purchase and distribution of books segment and healthcare products segment resulting from continuing effect of Covid-19 pandemic, the management of the Group concluded that there was indication for impairment in relation to these segments and conducted impairment assessment on property, plant and equipment and right-of-use assets with carrying amount of approximately HK$260,000 and HK$397,000 respectively.

The Group estimates the recoverable amount of the CGUs of financial leasing and other financial services segment, publication, purchase and distribution of books segment and healthcare products segment to which the assets belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets on a reasonable and consistent basis.

The recoverable amounts of CGUs have been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group of the respective subsidiaries under these segments, covering the following 5 years with pre-tax rate ranged from 14% to 16%. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the CGUs' past performance and management expectation for the market prospect.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGUs is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment and right-of-use assets. Based on the value in use calculation and the allocation, an impairment of approximately HK$260,000 and HK$397,000 has been recognised against the carrying amount of property, plant and equipment and right-of-use assets respectively.

For the year ended 31 March 2021

As at 31 March 2021, due to the bleak market prospect of the advertising and media related services segment and financial leasing and other financial services segment, the management of the Group had temporarily suspended the relevant business. The management of the Group concluded that there was indication for impairment in relation to these segments and conducted impairment assessment on property, plant and equipment, right-of-use assets and intangible assets with carrying amount of approximately HK$1,182,000, HK$805,000 and HK$8,682,000.

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group estimates the recoverable amount of the CGUs of advertising and media related services segment and financial leasing and other financial services segment to which the assets belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets on a reasonable and consistent basis.

The recoverable amounts of CGUs have been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group of the respective subsidiaries under these segments, covering the following 5 years with pre-tax discount rate ranged from 14% to 16%. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the CGUs' past performance and management expectation for the market prospect.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGUs is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment, right-of-use assets and intangible assets. Based on the value in use calculation and the allocation, an impairment of approximately HK$1,182,000, HK$805,000 and HK$8,682,000 has been recognised against the carrying amount of property, plant and equipment, right-of-use assets and intangible assets respectively.

19. RIGHT-OF-USE ASSETS

The lease terms of the Group's offices range from 2 to 3 years for the year ended 31 March 2022 (2021: 2 to 3 years). Their useful lives are as follows:

Leased buildings	2 – 3 years

The Group does not have the option to purchase the right-of-use assets at the end of the lease terms.

19. RIGHT-OF-USE ASSETS *(continued)*

	Leased buildings HK$'000
As at 1 April 2020	7,290
Depreciation for the year	(5,326)
Impairment loss for the year	(805)
Exchange alignment	220
As at 31 March 2021 and 1 April 2021	1,379
Addition (Note)	4,969
Depreciation for the year	(3,522)
Impairment loss for the year	(397)
Exchange alignment	33
As at 31 March 2022	**2,462**

Note: During the year ended 31 March 2022, the Group entered into a new lease agreement for an office in Hong Kong. The new lease agreement is entered into for a fixed term of 2 years.

	For the year ended 31 March	
	2022 **HK$'000**	2021 HK$'000
Total cash outflow of leases	**4,995**	6,145

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of impairment assessment of right-of-use assets are disclosed in note 18 to the consolidated financial statements.

20. GOODWILL

	2022 HK$'000	2021 HK$'000
Cost		
As at 1 April	**53,665**	47,248
Acquisition of a subsidiary (note 33)	**–**	6,501
Exchange alignment	**271**	(84)
As at 31 March	**53,936**	53,665
Accumulated impairment losses		
As at 1 April	**47,248**	39,527
Impairment loss for the year	**–**	7,721
As at 31 March	**47,248**	47,248
Net carrying amount		
As at 31 March	**6,688**	6,417

Impairment test of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following CGUs identified according to operating segment.

	2022 HK$'000	2021 HK$'000
Advertising and media related services – Keen Renown Limited and its subsidiaries (the "Keen Renown Group")	**–**	–
Environmental consultancy services – Shanxi Jinxin Keyuan Environmental Protection Science and Technology Co., Ltd* ("Jinxin Keyuan")（山西晉新科源環保科技有限公司）	**6,688**	6,417

* *For identification purpose only*

20. GOODWILL *(continued)*

Impairment test of goodwill *(continued)*

Advertising and media related services – Keen Renown Group

The recoverable amount of the goodwill allocated to advertising and media related services are determined based on the value-in-use calculation using the present value of cash flows taking into account the expected operating synergy and profitability and growth of businesses arising from Keen Renoun Group.

The cash flow projections are based on financial budgets approved by management covering a 5-year period and assumed growth rates are used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a 5-years business plan which is appropriate after considering the sustainability of business growth, stability of core business developments, long term economic cycle and achievement of business targets. All cash flows are discounted at pre-tax discount rates of 16% under baseline and stressed scenarios respectively. Management's financial model assumes an average growth rate of 3% per annum beyond the 5-years period taking into account long term gross domestic product growth and other relevant economic factors. The discount rate used is based on the rates which reflect specific risks relating to the CGU.

For the year ended 31 March 2021, impairment loss of HK$7,721,000 has been recognised in respect of goodwill related to CGU of Keen Renown Group for the year ended 31 March 2021.

Environmental consultancy services Jinxin Keyuan

At 31 March 2022, the recoverable amount of goodwill allocated to CGU of environmental consultancy services has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 13% (2021: 16%). Cash flows of this CGU beyond the 5-year period are extrapolated using a steady 3% (2021: 3%) growth rate. This growth rate is based on domestic average consumer price index. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on past performance and management's expectations for the market development.

During the year ended 31 March 2022 and 2021, management of the Group determines that there is no impairment on CGU of environmental consultancy services. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of this CGU to exceed its recoverable amount.

21. INTANGIBLE ASSET

	Software HK$'000
Cost	
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	10,852
Accumulated amortisation and impairment	
As at 1 April 2020	1,085
Amortisation for the year	1,085
Impairment loss for the year	8,682
As at 31 March 2021, 1 April 2021 and 31 March 2022	10,852
Net carrying amount	
As at 31 March 2022	**–**
As at 31 March 2021	–

The following estimated useful lives are used in the calculation of amortisation:

Software	10 years

Details of impairment assessment are disclosed in note 18 to the consolidated financial statements.

22. INVESTMENT IN AN ASSOCIATE

	2022 HK$'000	2021 HK$'000
Cost of investment in an associate	–	457
Share of post-acquisition loss and other comprehensive expenses	–	(143)
Exchange alignment	–	(2)
	–	312

Details of the Group's associate at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	Principal place of business	Proportion of ownership interest held by the Group 2022	Proportion of ownership interest held by the Group 2021	Proportion of voting rights held by the Group 2022	Proportion of voting rights held by the Group 2021	Principal activity
山西大地陽光科技服務有限公司	The PRC	The PRC	N/A	40%	N/A	40%	Operation of online sourcing and trading platform

山西大地陽光科技服務有限公司

	2021 HK$'000
Current assets	837
Non-current assets	166
Current liabilities	(223)
Non-current liabilities	–

22. INVESTMENT IN AN ASSOCIATE *(continued)*

	From 1 April 2021 to 31 May 2021 HK$'000	From 21 October 2020 (date of incorporation) to 31 March 2021 HK$'000
Revenue	**558**	260
Profit/(loss) for the period/year	**347**	(390)
Other comprehensive income for the period/year	**30**	32
Loss and total comprehensive income/(expense) for the period/year	**377**	(358)

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements:

	2021 HK$'000
Net assets of 山西大地陽光科技服務有限公司	780
Proportion of the Group's ownership interest in 山西大地陽光科技服務有限公司	40%
Carrying amount of the Group's interest in 山西大地陽光科技服務有限公司	312

On 31 May 2021, the Group ceased to have significant influence over 山西大地陽光科技服務有限公司 upon the deemed disposal of Shanxi Dadi EIF. Details are disclosed in note 34.

23. INVENTORIES

	2022 HK$'000	2021 HK$'000
Healthcare products	**1,745**	–

All inventories were stated at the lower of cost and net realisable value.

24. TRADE, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 HK$'000	2021 HK$'000
Trade and bills receivables (Note a)	**684,267**	659,674
Allowance for ECL	**(284,555)**	(6,931)
	399,712	652,743
Other receivables and deposits		
Deposits (Note b)	**1,452**	19,915
Other receivables (Note c)	**306,081**	279,548
Loan receivables (Note d)	**19,844**	20,094
	327,377	319,557
Allowance for ECL	**(77,598)**	(58,960)
	249,779	260,597
Prepayments (Note e)	**325,712**	308,410
Total	**975,203**	1,221,750

Notes:

(a) An aged analysis of the Group's trade and bills receivables, based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for ECL, at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
0 to 30 days	**1,588**	2,420
31 to 60 days	**1,083**	1,660
61 to 90 days	**845**	1,678
Over 90 days	**396,196**	646,985
	399,712	652,743

The Group generally allows credit period from 30 to 90 days to its customers.

Details of impairment assessment are set out in note 6.

24. TRADE, BILLS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

Notes: *(continued)*

(b) As at 31 March 2022, deposits mainly consist of rental deposits for lease of offices.

As at 31 March 2021, included in deposits was an amount of approximately HK$19,403,000 of entering into a pan-entertainment project with a vendor, an independent third party during the year ended 31 March 2018. However, the possible pan-entertainment project has been lapsed during the year ended 31 March 2019.

(c) The other receivables mainly consist of the followings:

(i) As at 31 March 2022, other receivables of approximately HK$18,505,000 (2021: HK$18,069,000) was deposits for the possible pan-entertainment projects and an earnest money which expected to be recovered.

(ii) As at 31 March 2022, other receivables of approximately HK$67,980,000 (2021: HK$65,193,000) was deposits for the possible environmental consultancy projects and earnest money which expected to be recovered.

(d) The loan receivables were secured, interest bearing at 7% to 9% (2021: 7% to 9%) per annum and repayable within 90 days to 1 year (2021: 90 days to 1 year). As at 31 March 2022, accumulated allowance for ECL of approximately HK$19,844,000 was recognised (2021: HK$176,000).

(e) As at 31 March 2022, included in prepayments was an amount of approximately HK$308,257,000 (2021: HK$295,795,000) for prepayment of publishing services in relation to distribution of books.

25. DEPOSIT FOR FILM PRODUCTION AND DEPOSIT FOR PURCHASE OF FILM RIGHTS

	2022	2021
	HK$'000	HK$'000
Deposit for film production	**115,221**	110,564
Allowance for ECL	**(84,342)**	(80,413)
	30,879	30,151
Deposit for purchase of film rights	**15,413**	14,790
Allowance for ECL	**(11,282)**	(10,757)
	4,131	4,033

26. FILM RIGHTS

	2022	2021
	HK$'000	HK$'000
Cost		
As at 1 April	**14,790**	18,657
Exchange alignment	**623**	(3,867)
As at 31 March	**15,413**	14,790
Accumulated impairment		
As at 1 April	**14,790**	18,657
Exchange alignment	**623**	(3,867)
As at 31 March	**15,413**	14,790
Net carrying amount		
As at 31 March	**–**	–

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	HK$'000	HK$'000
Held for trading		
Listed equity securities – the PRC	**2**	2

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	HK$'000	HK$'000
Trust guarantee fund	**–**	5,832
Unlisted equity securities – the PRC *(Note)*	**46,737**	33,957
	46,737	39,789

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

The financial assets are analysed as:

	2022 HK$'000	2021 HK$'000
Non-current	**46,737**	39,789

The unlisted equity securities represent the Group's equity interests in companies established in the PRC. The directors of the Company have elected to designate this investment in unlisted equity securities as at FVTOCI as the Group's strategy of holding these investments is for long-term purposes and realising their performance potential in the long run.

Included in unlisted equity securities above is the Group's investment in Shanxi Dadi EIF, a company established in the PRC, with a carrying amount of HK$11,960,000. The investment represents a 60% equity interests in Shanxi Dadi EIF. Shanxi Dadi EIF is not regarded as a subsidiary of the Group because the Group lacks direct or indirect involvement at board level and does not participate in policy-making related processes or activities of Shanxi Dadi EIF.

29. BANK BALANCES AND CASH

	2022 HK$'000	2021 HK$'000
Cash on hand and at bank:		
Hong Kong Dollar	**544**	2,786
Renminbi	**16,241**	29,640
Japanese Yen	**32**	3,284
US Dollar	**37**	486
Total	**16,854**	36,196

Cash at bank earns interest at floating rates based on daily bank deposit rates which range from 0% to 0.1% for both years. Short-term time deposits are denominated in HK$, RMB and USD which made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates.

RMB of approximately HK$16,241,000 (2021: HK$29,640,000) is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

30. TRADE AND OTHER PAYABLES

	2022 HK$'000	2021 HK$'000
Trade payables (Note a)	**181,218**	171,289
Accruals and other payables (Note b)	**142,392**	90,696
Dividend payables to non-controlling interests	**36,251**	34,785
Security deposits received	**1,462**	2,078
	361,323	298,848

Note:

(a) An aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
0 to 30 days	**326**	157,959
31 to 60 days	**9**	–
61 to 90 days	**15**	–
Over 90 days	**180,868**	13,330
	181,218	171,289

The average credit period on trade payables is 60 days.

(b) Accruals and other payables mainly consist of interest payables of approximately HK$49,855,000 (2021: HK$4,690,000).

31. BORROWINGS

The exposure of the Group's borrowings and the contractual maturity dates are as follows:

	2022 **HK$'000**	2021 HK$'000
Entrusted loans (Note a)	**616,515**	–
Borrowings – unsecured (Note b)	**36,145**	35,566
Borrowings – secured (Note c)	**–**	591,590
	652,660	627,156

	2022 **HK$'000**	2021 HK$'000
The carrying amounts of the above borrowings are repayable:		
Within one year	**652,660**	627,156

The range of interest rates per annum on the Group's borrowings were as follows:

	2022	2021
Fixed rate	**8.00%**	8.00%-10.22%

Notes:

(a) During the year ended 31 March 2022, the Group defaulted in payments of interest which constitutes as an event of default and the entire loan became repayable on demand pursuant to the loan agreement. Accordingly, the entrusted loan had been classified as current liabilities at 31 March 2022. The Group has been negotiating with the financial institution for a settlement plan and the financial institutions have agreed to waive defaulted interests.

(b) The borrowing was granted by Shanxi Jin Tong Investment Management Company Limited* (山西金通投資管理有限公司, "Shanxi Jin Tong"), a related company of the Company, and was guaranteed by Shanxi Environment Group Company Limited* (山西省環境集團有限公司, "Shanxi Environment"), a substantial shareholder of the Company.

During the year ended 31 March 2022, the Group defaulted in payments of interest and principal at maturity date. The Group has been negotiating with Shanxi Jin Tong to secure the renewal of the borrowings and Shanxi Jin Tong has agreed to waive defaulted interests.

(c) As at 31 March 2021, borrowings of approximately HK$591,590,000 were secured by trust guarantee fund of approximately HK$5,832,000 which was classified as financial asset at FVTOCI.

* *For identification purpose only*

32. LEASE LIABILITIES

The Group had lease liabilities repayable as follows:

	2022		2021	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**2,776**	**2,864**	2,390	2,510
After 1 year but within 2 years	**219**	**220**	215	217
Present value of lease obligations	**2,995**	**3,084**	2,605	2,727
Less: total future interest expenses		**(89)**		(122)
Present value of lease liabilities		**2,995**		2,605
Less: non-current portion		**(219)**		(215)
Current portion		**2,776**		2,390

The weighted average incremental borrowing rates applied to lease liabilities range from 5.3% to 10.6% (2021: 5.3% to 10.6%).

33. ACQUISITION OF A SUBSIDIARY

Consideration transferred

On 28 December 2020, Zhongtou Jinfu Technology Development (Beijing) Co., Ltd.（眾投金服科技發展（北京）有限公司）("Zhongtou Jinfu", a wholly-owned subsidiary of the Company), Han Jin（韓晉）, Wang Huaiyu（王懷宇）, Zhao Yongde（趙永德）and Zhou Jin（周進）(collectively the "Vendors") entered into an acquisition agreement (the "Acquisition Agreement"), pursuant to which, Zhongtou Jinfu conditionally agreed to acquire and the Vendors conditionally agreed to sell 60% of the equity interest in Jinxin Keyuan at an initial consideration of approximately RMB27,000,000 (equivalent to approximately HK$32,364,000), of which approximately RMB15,000,000 (equivalent to approximately HK$17,980,000) was settled in cash and the remaining by way of allotment and issue of 75,681,511 new ordinary shares of the Company.

	HK$'000
Cash	17,980
Consideration shares issued	6,282
Total	24,262

Note:

Acquisition-related costs amounting to HK$556,000 have been excluded from the consideration transferred and have been recognised as an expenses in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Pursuant to the Acquisition Agreement, the Vendors jointly and severally guarantee and undertake to the Company and Zhongtou Jinfu that (i) the revenue from Jinxin Keyuan's principal business will grow year by year; and (ii) the audited net profit after deducting all extraordinary items of Jinxin Keyuan will be not less than the amounts set out below for the relevant years:

Relevant year	**Guaranteed Profit**
the year ending 31 December 2021	RMB5,500,000
the year ending 31 December 2022	RMB6,050,000
the year ending 31 December 2023	RMB6,655,000

If Jinxin Keyuan does not meet the above performance targets, the consideration for the said acquisition shall be adjusted in the manner set out in the Acquisition Agreement, pursuant to which the Company may repurchase part or all the consideration shares issued to the Vendors. Please refer to the Company's announcements dated 28 December 2020 for further details.

33. ACQUISITION OF A SUBSIDIARY *(continued)*

The fair value of the identifiable assets and liabilities of Jinxin Keyuan as at the date of acquisition are as follows:

	Fair value HK$'000
Property, plant and equipment	127
Trade and other receivables and deposits	12,747
Bank balances and cash	18,640
Trade and other payables	(1,913)
Total identifiable net assets at fair value	29,601
Non-controlling interests	(11,840)
	17,761
Goodwill on acquisition	6,501
Total consideration	24,262

Goodwill arose on the acquisition of Jinxin Keyuan because the acquisition included a control premium. In addition, the consideration paid for the acquisition included amounts in relation to the benefit of revenue growth, future market development with potential contracts. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisitions is expected to be deductible for tax purposes.

33. ACQUISITION OF A SUBSIDIARY *(continued)*

Net cash inflow on acquisition of Jinxin Keyuan:

	HK$'000
Cash consideration paid	17,980
Less: bank balances and cash acquired	(18,640)
	(660)

Impact of acquisition on the results of the Group

Included in the profit for the year, there is approximately HK$754,000 attributable to the additional business generated by Jinxin Keyuan and revenue for the year includes HK$4,171,000 generated from Jinxin Keyuan.

Had the acquisition been completed on 1 April 2020, the Group's revenue for the year would have been approximately HK$644,553,000, and loss for the year would have been approximately HK$188,737,000.

34. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2022

Deemed disposal of Shanxi Dadi EIF

Pursuant to a board resolution on 31 May 2021, Shanxi Dadi EIF re-appointed new directors who are delegated by Shanxi Environment, the minority shareholder of Shanxi Dadi EIF. Upon the change of board composition on 31 May 2021, the Group lost direct or indirect involvement at board level and will not participate in policy-making related processes or activities of Shanxi Dadi EIF. Accordingly, the Group lost its control over Shanxi Dadi EIF.

The Group holds 60% equity interest in Shanxi Dadi EIF and lost its control Shanxi Dadi EIF. As a result, Shanxi Dadi EIF ceased to be a subsidiary of the Group and is accounted for as financial assets at FVTOCI in the Group's consolidated financial statement as the Group's strategy of holding these investments is for long-term purposes and realising their performance potential in the long run.

34. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2022 *(continued)*

Deemed disposal of Shanxi Dadi EIF (continued)

Analysis of assets and liabilities over which control was lost:

	HK$'000
Property, plant and equipment	346
Investment in associate	462
Other receivables and deposits	2,488
Bank balance and cash	3,247
Accruals and other payables	(263)
Net assets disposed of	6,280

Gain on deemed disposal of a subsidiary:

Deemed consideration received – fair value of retained interest	3,803
Net assets disposed of	(6,280)
Non-controlling interest	2,512
Reclassification of cumulative exchange reserves upon disposal of a subsidiary	260
Gain on deemed disposal recognised in capital contribution reserve	295

Note:

Gain on deemed disposal has been directly recognised in the reserve as it is deemed as the capital contribution from the Group's substantial shareholder, Shanxi Environment.

Net cash outflow arising from the deemed disposal of a subsidiary:

Cash consideration received	–
Bank balances and cash disposed of	(3,247)
Net cash outflow	(3,247)

34. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2021

Disposal of Activemix Investments Limited and its subsidiaries, Dynamic Success and its subsidiaries, Classic Grace and its subsidiaries and Concord Aces and its subsidiaries

On 30 March 2021, the Group entered into a sale and purchase agreement to dispose of the entire equity interest in certain of subsidiaries, at a consideration of approximately HK$4. The disposal was completed on 30 March 2021.

Details of the aggregate net assets of certain of subsidiaries included in the consolidated financial statements of the Group as at the completion date of the disposal are set out below:

	HK$'000
Consideration transferred:	
Cash consideration	–*

* The amount is less than HK$1,000.

34. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2021 (continued)

Disposal of Activemix Investments Limited and its subsidiaries, Dynamic Success and its subsidiaries, Classic Grace and its subsidiaries and Concord Aces and its subsidiaries (continued)

Analysis of assets and liabilities over which control was lost:

	HK$'000
Other receivables and deposits	33,503
Bank balance and cash	27
Trade payables	(19)
Accruals and other payables	(11,970)
Tax payable	(1,173)
Net assets disposed of	20,368

Loss on disposal of subsidiaries:

Consideration	–*
Release of reserves upon disposal of subsidiaries	207
Net assets disposed of	(20,368)
Loss on disposal of subsidiaries	(20,161)

Net cash outflow arising from the disposal of subsidiaries:

Cash consideration	–*
Bank balances and cash disposed of	(27)
Net cash outflow	(27)

* The amount is less than HK$1,000.

35. SHARE CAPITAL

	2022		2021	
	Number of share	**Amount HK$'000**	Number of share	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**20,000,000,000**	**200,000**	20,000,000,000	200,000
Issued and fully paid:				
As at 1 April, ordinary shares of HK$0.01 each	**3,640,627,457**	**36,406**	3,564,945,946	35,649
Issue of shares (note)	**–**	**–**	75,681,511	757
As at 31 March, ordinary shares of HK$0.01 each	**3,640,627,457**	**36,406**	3,640,627,457	36,406

Note: On 9 February 2021, the Company entered into an acquisition agreement with vendors to acquire 60% equity interest in Jinxin Keyuan and agreed to allot and issue, an aggregate of 75,681,511 consideration shares at the closing price of HK$0.083 per consideration share.

36. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2022

The Group entered into a new lease agreement for the office. The new lease agreement is entered into for a fixed term of 2 years. On the lease commencement, the Group recognised a right-of-use asset of HK$4,969,000 and a lease liability of HK$4,969,000.

During the year ended 31 March 2021

The Company allotted and issued an aggregate of 75,681,511 shares at HK$0.083 per shares as part of the consideration for acquisition of 60% equity interest in Jinxin Keyuan.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities HK$'000	Borrowings HK$'000	Total HK$'000
As at 1 April 2020	8,026	547,226	555,252
Cash flows:			
Proceeds from borrowings	–	36,145	36,145
Repayment of borrowings	–	–	–
Repayment of lease liabilities	(6,145)	–	(6,145)
Non-cash items:			
Interest accrued	523	–	523
Exchange alignment	201	43,785	43,986
As at 31 March 2021 and 1 April 2021	2,605	627,156	629,761
Cash flows:			
Proceeds from borrowings	–	608,386	608,386
Repayment of borrowings	–	(604,404)	(604,404)
Repayment of lease liabilities	(4,995)	–	(4,995)
Non-cash items:			
Interest accrued	346	–	346
Addition of lease liabilities	4,969	–	4,969
Exchange alignments	70	21,522	21,592
As at 31 March 2022	**2,995**	**652,660**	**655,655**

38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

(a) Transactions with related parties

	2022 **HK$'000**	2021 HK$'000
Financing services provided to the Group by:		
Shanxi Environment Protection Fund Company Limited* (山西省環境保護基金有限公司, "Shanxi Fund") (note (i))	–	10,636
Shanxi Huan Ji Long Ding Investment Company Limited* (山西環基龍鼎投資有限公司, "Shanxi Huan Ji") (note (ii))	–	343
Finance costs incurred on the borrowings from Shanxi Jin Tong (note (iii))	**2,209**	389

Notes:

(i) As Shanxi Dadi Environment Investment Holdings Co. Ltd* (山西大地環境投資控股有限公司) ("Dadi Environment") is a substantial shareholder of the Company, and Shanxi Fund is a subsidiary of Dadi Environment, Shanxi Fund is an associate of a substantial shareholder of the Company and hence a connected person of the Company under the GEM Listing Rules.

(ii) As Shanxi Huan Ji is a subsidiary of Shanxi Fund, Shanxi Huan Ji is an associate of a substantial shareholder of the Company and hence a connected person of the Company under GEM Listing Rules.

(iii) As Shanxi Jin Tong is a subsidiary of Shanxi Fund, Shanxi Jin Tong is an associate of a substantial shareholder of the Company and hence a connected person of the Company under GEM Listing Rules.

(b) Compensation to key management personnel

	2022 **HK$'000**	2021 HK$'000
Short-term benefits	**5,577**	8,932
Retirement scheme contribution	**209**	286
	5,786	9,218

* *For identification purpose only*

38. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Compensation to key management personnel *(continued)*

The remuneration of directors of the Company and key executives is determined by the remuneration committee with due regard to the performance of individuals and market trends. Further details of directors' emoluments are included in note 14 to the consolidated financial statements.

(c) Borrowings from related parties

	2022	2021
	HK$'000	HK$'000
Borrowings from Shanxi Jin Tong (note)	**36,145**	35,566

Note:

As Shanxi Jin Tong is a subsidiary of Shanxi Fund, Shanxi Jin Tong is an associate of a substantial shareholder of the Company and hence a connected person of the Company under GEM Listing Rules. The borrowings were unsecured, interest bearing at 8.0% and repayable within one year.

(d) Corporate guarantee

Corporate guarantee is provided by Shanxi Environment, a substantial shareholder of the Company, for the unsecured borrowings amounted to HK$36,145,000 (2021: HK$35,566,000).

39. DEFINED BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in fund under the control of trustees. The Group contributes 5% of relevant payroll costs (limited to HK$30,000 per annum of each individual employee) to the MPF Scheme, which contribution is matched by employees.

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

Employees employed by the Group outside Hong Kong are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

At the end of the reporting period, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the futures years.

* *For identification purpose only*

40. SHARE OPTION SCHEME

Pursuant to a resolution passed at the annual general meeting of the Company held on 25 September 2012, a share option scheme (the "Share Option Scheme") was adopted by the Company.

The major terms of the Share Option Scheme are summarised as follows:

(a) The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

(b) The participants include:

(i) (1) any employee or proposed employee of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity;

(2) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and

(7) any joint venture partner or counter-party to business transactions of the Group.

(ii) any company wholly owned by one or more persons belonging to any of the above classes of participants.

40. SHARE OPTION SCHEME *(continued)*

(c) The exercise price of a share option shall be a price determined by the directors and shall at least be the higher of:

  (i) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and

  (ii) the average closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(d) Maximum number of shares:

  (i) The total number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time; and

  (ii) The total number of shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes must not in aggregate, exceed 10% of the shares in issue at the date of adoption of the Share Option Scheme (the "Limit") provided that share options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating the Limit.

(e) The total number of shares issued and to be issued upon the exercise of share options granted and to be granted to each participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the shares in issue.

(f) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of grant of the share option.

During the years ended 31 March 2022 and 2021, no share option under the Share Option Scheme was granted, exercised, lapsed or cancelled. At 31 March 2022 and 2021, there was no outstanding share options under the Share Option Scheme.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

41.1 General information of subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest						Principal activities
			Group's effective interest		Directly held		Indirectly held		
			2022	2021	**2022**	2021	**2022**	2021	
First FinTech (Shanghai) Company Limited* (眾網金融科技(上海)有限公司) (note a)	The PRC/The PRC	RMB14,231,000	**100%**	100%	**–**	–	**100%**	100%	Financial leasing and other financial services
Shenzhen City Jia Ying Financial Leasing Company Limited* (深圳市嘉盈融資租賃有限公司) (note a)	The PRC/The PRC	US$10,000,000	**100%**	100%	**100%**	100%	**–**	–	Financial leasing and other financial services
Dadi Nandou Culture Media (Beijing) Co., Ltd.* (大地南斗文化傳媒(北京)有限公司) (note b)	The PRC/The PRC	RMB7,700,000	**51%**	51%	**–**	–	**51%**	51%	Administrative services on performing arts industry
Dadi Feichi Culture Development (Shanghai) Co., Limited* (大地飛馳文化發展(上海)有限公司) (note b)	The PRC/The PRC	RMB5,000,000	**51%**	51%	**–**	–	**51%**	51%	Publication, purchase and distribution of books
Shanxi Dadi EIF (note b and c)	The PRC/The PRC	RMB4,800,000	**N/A**	60%	**–**	–	**N/A**	60%	Fund management, investment management, assets management and equity investment
Jinxin Keyuan (note b)	The PRC/The PRC	RMB15,000,000	**60%**	60%	**–**	–	**60%**	60%	Environmental consultancy service
Hesting Bio Limited	Hong Kong/ Hong Kong	HK$3,000,000	**51%**	51%	**51%**	51%	**–**	–	Sale of healthcare products

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

41.1 General information of subsidiaries *(continued)*

Notes:

(a) These subsidiaries are wholly foreign owned enterprises in the PRC.

(b) These subsidiaries are domestic enterprise with limited liabilities established in the PRC.

(c) This subsidiary ceased to be a subsidiary of the Group and is accounted for as financial assets at FVTOCI upon deemed disposal on 31 May 2021.

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

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

41.2 Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI")

The table below shows the details of non-wholly-owned subsidiaries of the Group that have material NCI:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by NCI		Total comprehensive (expense)/income allocated to NCI		Accumulated NCI	
		2022	2021	**2022**	2021	**2022**	2021
				HK$'000	HK$'000	**HK$'000**	HK$'000
Keen Renown Group	The PRC	**40%**	40%	**(5,241)**	(50,238)	**(45,726)**	(40,485)
Dadi Feichi Culture Development (Shanghai) Co., Limited	The PRC	**49%**	49%	**(153,584)**	16,119	**(132,217)**	21,367
Jinxin Keyuan	The PRC	**40%**	40%	**2,941**	(91)	**10,848**	7,907
Individually immaterial subsidiaries with non-controlling interests						**(1,695)**	2,356
						(168,790)	(8,855)

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

41.2 Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI") *(continued)*

The following table lists out the information relating to Dadi Feichi Culture Development (Shanghai) Co., Limited which has material NCI. The summarised financial information presented below represents the amounts before intergroup eliminations.

	2022	2021
	HK$'000	HK$'000
NCI percentage	**49%**	49%
Current assets	**705,892**	934,762
Non-current assets	**–**	7,310
Current liabilities	**(975,723)**	(898,251)
Non-current liabilities	**–**	(215)
Net (liabilities)/assets	**(269,831)**	43,606
Carrying amount of NCI	**(132,217)**	21,367
Revenue	**–**	608,534
(Loss)/profit for the year	**(315,129)**	26,937
Total comprehensive (expenses)/income	**(313,437)**	32,895
Total comprehensive (expenses)/income allocated to NCI	**(153,584)**	16,119
Dividend declared to NCI	**–**	33,623
Net cash flows generated from operating activities	**1,100**	60,675
Net cash flows generated from investing activities	**–**	3
Net cash flows used in financing activities	**(2,649)**	(60,435)
Net cash (outflow)/inflow	**(1,549)**	243

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

41.2 Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI") *(continued)*

The following table lists out the information relating to Keen Renown Group which has material NCI. The summarised financial information presented below represents the amounts before intergroup eliminations.

	2022	2021
	HK$'000	HK$'000
NCI percentage	**40%**	40%
Current assets	**169,579**	174,472
Current liabilities	**(283,894)**	(275,685)
Net liabilities	**(114,315)**	(101,213)
Carrying amount of NCI	**(45,726)**	(40,485)
Revenue	**–**	–
Loss for the year	**(18,012)**	(134,352)
Total comprehensive expense	**(13,102)**	(125,593)
Total comprehensive expense allocated to NCI	**(5,241)**	(50,238)
Net cash inflows generated from operating activities	**8**	13

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

41.2 Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI") *(continued)*

The following table lists out the information relating to Jinxin Keyuan which has material NCI. The summarised financial information presented below represents the amounts before intergroup eliminations.

	2022 **HK$'000**	2021 HK$'000
NCI percentage	**40%**	40%
Current assets	**34,286**	32,318
Non-current assets	**239**	114
Current liabilities	**(7,405)**	(12,665)
Net assets	**27,120**	19,767
Carrying amount of NCI	**10,848**	7,907

	Year ended **31 March 2022**	Period from 10 February 2021 to 31 March 2021
Revenue	**34,675**	4,171
Profit for the period	**6,430**	563
Total comprehensive income/(expense)	**7,352**	(227)
Total comprehensive income/(expense) allocated to NCI	**2,941**	(91)
Dividend declared to NCI	**–**	3,842
Net cash flows (used in)/generated from operating activities	**(4,637)**	706
Net cash flows used in investing activities	**(269)**	–
Net cash (outflow)/inflow	**(4,906)**	706

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2022 HK$'000	2021 HK$'000
Non-current assets		
Property, plant and equipment	**17**	42
Right-of-use assets	**2,462**	237
Investments in subsidiaries	**7,023**	36,956
	9,502	37,235
Current assets		
Amounts due from subsidiaries	**794**	12,765
Other receivables and deposits	**66,017**	69,903
Bank balances and cash	**140**	1,221
	66,951	83,889
Current liabilities		
Accruals and other payables	**19,702**	12,265
Borrowings	**36,145**	35,566
Lease liabilities	**2,552**	270
	58,399	48,101
Net current assets	**8,552**	35,788
Total assets less current liabilities	**18,054**	73,023
Non-current liabilities		
Lease liabilities	**219**	–
Net assets	**17,835**	73,023

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

	Note	2022 HK$'000	2021 HK$'000
Capital and reserves			
Share capital	35	**36,406**	36,406
Reserves		**(18,571)**	36,617
Total equity		**17,835**	73,023

The Company's statement of financial position was approved and authorised for issue by the board of directors on 31 August 2022 and signed on its behalf by:

Fu Yuanhong
Director

Wu Xiaoming
Director

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

Movement in the Company's reserves

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2020	35,649	1,823,073	325,866	(2,113,312)	71,276
Profit and total comprehensive income for the year	–	–	–	9,750	9,750
Issue of shares, net of issuing expense (note 33)	757	5,500	–	–	6,257
Dividend declared and paid	–	–	(14,260)	–	(14,260)
As at 31 March 2021 and 1 April 2021	36,406	1,828,573	311,606	(2,103,562)	73,023
Loss and total comprehensive loss for the year	–	–	–	(55,188)	(55,188)
As at 31 March 2022	**36,406**	**1,828,573**	**311,606**	**(2,158,750)**	**17,835**

43. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 August 2022.

Summary of Financial Information

RESULTS

	For the year ended 31 March				
	2018	2019	2020	2021	**2022**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Continuing operations					
Revenue	69,218	107,159	1,225,016	615,941	**37,961**
(Loss)/profit before taxation	(52,389)	(46,169)	133,147	(184,643)	**(377,143)**
Income tax expenses	(697)	(1,618)	(40,986)	(11,485)	**(1,337)**
(Loss)/profit for the year from continuing operations	(53,086)	(47,787)	92,161	(196,128)	**(378,480)**
Discontinued operations					
(Loss)/profit for year from discontinued operations	359	–	–	–	**–**
(Loss)/profit for the year	(52,727)	(47,787)	92,161	(196,128)	**(378,480)**
(Loss)/profit attributable to:					
Owners of the Company	(60,037)	(42,680)	34,588	(152,500)	**(217,838)**
Non-controlling interests	7,310	(5,107)	57,573	(43,628)	**(160,642)**
	(52,727)	(47,787)	92,161	(196,128)	**(378,480)**

ASSETS AND LIABILITIES

	As at 31 March				
	2018	2019	2020	2021	**2022**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Non-current assets	25,149	23,193	53,733	48,786	**56,159**
Current assets	590,676	615,271	1,171,396	1,292,132	**1,028,814**
Current liabilities	104,971	148,151	139,659	970,215	**1,058,671**
Non-current liabilities	7,855	–	549,655	215	**219**