金榜集團控股有限公司

GOLDBOND GROUP HOLDINGS LIMITED

(A company incorporated in Hong Kong with limited liability)

Stock Code: 00172

Annual Report

2019/20

This annual report is printed on environmentally friendly paper

Contents

This annual report is printed on soy ink.

Corporate Information

as at the date of this annual report

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Yu Lung, Charles
(Chairman)
Ms. Wong, Michelle Yatyee

Independent non-executive Directors

Mr. Ma Ho Fai GBS JP
Mr. Cheng Yuk Wo
Mr. Yeh Shing Hang Kevin Arthur

AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai GBS JP
Mr. Yeh Shing Hang Kevin Arthur

REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Mr. Ma Ho Fai GBS JP
Mr. Wong Yu Lung, Charles

NOMINATION COMMITTEE

Mr. Wong Yu Lung, Charles *(Chairman)*
Mr. Cheng Yuk Wo
Mr. Ma Ho Fai GBS JP

COMPANY SECRETARY

Ms. Li Fung Shan

AUDITOR

ZHONGHUI ANDA CPA Limited
(appointed with effect from 23 January 2020)
Deloitte Touche Tohmatsu
Certified Public Accountants
(resigned with effect from 23 January 2020)

STOCK CODE

00172

REGISTERED OFFICE

Unit 3901, 39/F
Tower One, Lippo Centre
89 Queensway
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
China CITIC Bank International Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

WEBSITES

http://www.goldbondgroup.com

RESULTS

	Year ended 31 March				
	2020 HK$ Million	2019 HK$ Million	2018 HK$ Million (Restated)	2017 HK$ Million (Restated)	2016 HK$ Million (Restated)
Revenue	**0.2**	13.3	18.0	24.7	48.4
(Loss)/profit before taxation	**(52.4)**	(230.0)	(265.3)	(1,419.6)	125.2
Taxation	**(0.0)**	(3.2)	(2.5)	(13.4)	(0.1)
(Loss)/profit for the year	**(52.4)**	(233.2)	(267.8)	(1,433.0)	125.1
Other comprehensive (expense)/income	**(11.1)**	(34.0)	58.9	(109.1)	(104.1)
Total comprehensive (expense)/income for the year	**(63.6)**	(267.2)	(208.9)	(1,542.1)	21.0
(Loss)/profit for the year attributable to:					
Owners of the Company	**(52.4)**	(233.2)	(307.6)	(1,433.0)	125.2
Non-controlling interests	**–**	–	–	–	–
	(52.4)	(233.2)	(267.8)	(1,433.0)	125.2
Total comprehensive (expense)/income for the year attributable to:					
Owners of the Company	**(63.6)**	(267.2)	(208.9)	(1,542.1)	21.0
Non-controlling interests	**–**	–	–	–	–
	(63.6)	(267.2)	(208.9)	(1,542.1)	21.0
Dividend per share (HK cents)	**–**	–	–	–	1.5

ASSETS AND LIABILITIES

	As at 31 March				
	2020 HK$ Million	2019 HK$ Million	2018 HK$ Million (Restated)	2017 HK$ Million (Restated)	2016 HK$ Million
Total assets	**280.5**	416.3	757.3	813.0	2,668.9
Total liabilities	**(46.8)**	(119.6)	(195.5)	(45.4)	(344.3)
Equity attributable to owners of the Company	**233.7**	296.7	561.8	767.6	2,324.6
Net asset value per share (HK cents)	**8.5**	10.7	20.3	27.8	84.2

BUSINESS REVIEW

For the year ended 31 March 2020 (the "Year"), the Goldbond Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") continued to be principally engaged in the provision of financial services business including financing and factoring services in Hong Kong and the People's Republic of China (the "PRC") and held interests in associates.

On 25 June 2019, Deloitte Touche Tohmatsu (the "Former Auditor"), being the auditor of the Company since 10 November 2006, issued a letter to the Audit Committee, in which the Former Auditor requested the Audit Committee to undertake an forensic investigation (the "Investigation") in respect of the trading transactions in chemical products (the "Trading Business") by Shanghai Goldbond involving an aggregate overdue account receivables for the Group in the amount of approximately RMB57,000,000 (equivalent to approximately HK$65,000,000).

Subject to completion of the Investigation, the audit work of the Company's consolidated financial statements for the year ended 31 March 2019 was suspended. As such, the Company was unable to publish the annual results of the Group for the year ended 31 March 2019 in accordance with the requirements of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and trading in the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was suspended with effect from 28 June 2019.

During the first quarter of 2020, novel coronavirus pandemic (the "COVID-19") broke out in the PRC and around the world. In response to the COVID-19 pandemic, the government of the PRC has implemented a series of measures such as travel restrictions, community quarantine and lockdowns in provinces and cities across the country. Such measures created disruption of the workforce, suppliers and customers and the normal business operation of the Group during the Year.

The business of the Group for the year ended 31 March 2020 has been adversely affected by various factors including (i) the change of macro environment affecting the Group's factoring/financing business as a result of the PRC regulatory reform on small and medium enterprises financing/alternative financing, as well as the overall economic downturn in the PRC and the ongoing Sino-US trade dispute which makes the business environment more competitive; (ii) the suspension of the Trading Business since January 2019 which accounted for a substantial portion of the Group's revenue in the past years and the conducting of the Investigation during the Year which has, to a certain extent, diluted the management focus in developing the Group's remaining business; and (iii) the outbreak of the COVID-19 pandemic since early 2020 which caused certain disruption to the Group's business in the PRC.

Core business

Financial services business – Financing

During the year ended 31 March 2020, the financing services segment realised revenue of approximately HK$0.1 million (2019: approximately HK$1.2 million). The segment loss before impairment losses decreased by approximately HK$0.3 million or 21.2% to loss of approximately HK$1.1 million (2019: loss of approximately HK$1.4 million) during the Year. The decrease in revenue was mainly attributable to the fact that the Group has changed its operation strategy and reduced the scale of the business in small loan financing which resulted in no new small loan having been granted during the Year. For the year ended 31 March 2020, a net impairment loss of approximately HK$6.8 million was recognised (2019: approximately HK$ 46.2 million), details of which are set out below. As a result, the segment recorded a loss of approximately HK$7.8 million (2019: a loss of approximately HK$47.6 million) for the Year.

– *Small loan financing*

The Group was engaged in small loan financing business through Yancheng Goldbond Supply Chain Management Limited (formerly known as Yancheng Goldbond Technology Small Loan Company Limited, “Yancheng Goldbond”), established in Yancheng, Jiangsu Province, the PRC. Yancheng Goldbond offered short-term loan financing services, loan guarantee services, direct investment and other services approved by the provincial government, to small and medium-sized enterprises (“SMEs”) and individuals in Yancheng.

In view of the Investigation and the slow-down of the economy in third-tier cities like Yancheng, the Group adjusted its operating strategy by taking a very cautious approach in granting loans. The revenue from the small loan financing business further dropped to zero as no new small loan has been granted during the Year. The Group also (i) decided to further reduce the investment in the small loan financing sector and the capital reduction of Yancheng Goldbond in the amount of US$6.5 million was approved in October 2018; and (ii) withdrew the licence of Yancheng Goldbond for conducting the business of small loan financing during the Year. Financial resources will be diverted to other businesses with better growth potential, such as factoring, financial services business and operating lease business.

– *Loan to Yong Hua International Ltd*

As disclosed in the interim report of the Company for the six months ended 30 September 2018 (the “2018/19 Interim Report”), Solomon Glory Limited, a wholly-owned subsidiary of the Company (“Solomon Glory”) has commenced legal proceedings against Yong Hua International Limited (“Yong Hua”) and Mr. Xie Xiaoqing (“Mr. Xie”) pursuant to a term loan facility in the principal amount of approximately HK$128.8 million in The Court of First Instance of The High Court. The judgement was awarded in favour of Solomon Glory. Solomon Glory is taking enforcement actions against the assets of Yong Hua and Mr. Xie for the recovery of outstanding loan. We have obtained a garnishee order in respect of a bank account of Mr. Xie and recovered approximately HK$0.3 million. A charging order has also been granted by the court in Hong Kong in favour of Solomon Glory for 38,503,380 issued shares of China Rongzhong Financial Holdings Company Limited (“China Rongzhong”) (Stock code: 03963) held by Yong Hua.

The board (the “Board”) of directors (the “Directors”) of the Company, after taking into account that the share value of China Rongzhong was decreased, an impairment loss of approximately HK$6.8 million was recognised during the year ended 31 March 2020.

Financial services business – Factoring

The Group’s factoring business is conducted through Jiangsu Goldbond Factoring Co., Ltd (“Jiangsu Goldbond”), a wholly-owned subsidiary of the Company.

The Group provides customers with funds secured by, amongst others, their accounts receivable, and offers them accounts receivable management services, which include review of documents relating to the accounts receivable, collection of the accounts receivable, and reports regularly to customers on matters concerning their accounts receivable. In return, the Group receives interest income as well as professional fees for the services rendered.

Before granting loans to potential customers, the Group assesses the potential borrower’s credit quality and/or receivables’ quality and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

During the year ended 31 March 2020, the factoring service segment realised revenue of approximately HK$0.1 million (2019: approximately HK$12.2 million). The segment result before impairment loss decreased by approximately HK$10.1 million or 129.3% to loss of approximately HK$2.3 million (2019: profit of approximately HK$7.8 million). The decrease was mainly due to decrease in revenue due to decrease in contract size. For the year ended 31 March 2020, no impairment loss was recognised (2019: approximately HK$151.2 million), details of which are set out below. As a result, the segment recorded a loss of approximately HK$2.3 million (2019: a loss of approximately HK$143.4 million) for the Year.

Impairment loss on advance provided to Shenzhen Huarongfeng Group Co. Ltd.

On 17 June 2017, Jiangsu Goldbond, entered into a revolving factoring facility agreement with the borrower, Shenzhen Huarongfeng Group Co. Ltd.* 深圳市華榮豐實業（集團）有限公司 ("Shenzhen Huarongfeng"), a company established in the PRC; and the guarantor, China Huayang Economic and Trading Group Co. Ltd.* 中國華陽經貿集團有限公司 ("China Huayang"), which is a company established in the PRC and listed in Shanghai Stock Exchange (上海證券交易所). Jiangsu Goldbond agreed to provide recourse factoring facility up to RMB100 million (equivalent to approximately HK$116.3 million) to Shenzhen Huarongfeng for a fixed term of two years. As disclosed in the 2018/19 Interim Report, it had come to the Board's attention that China Huayang had defaulted on repayment of certain bonds and was sued by its debtors.

No impairment loss has been made in the Year in respect of the facility to Shenzhen Huarongfeng as an impairment loss of approximately HK$116.3 million was recognised for the year ended 31 March 2019.

Impairment loss on advance provided to Sichuan Xinju Emerging Advanced Materials Technology Co. Ltd. 四川鑫炬新興新材料科技有限公司 ("Sichuan Xinju")*

On 18 December 2017, Jiangsu Goldbond, entered into a factoring service agreement ("Factoring Service Agreement") with Sichuan Xinju, a company established in the PRC with limited liability, whereby Jiangsu Goldbond has conditionally agreed to acquire the electronic commercial drafts ("Electronic Commercial Drafts"), from Sichuan Xinju at a consideration of RMB30 million (equivalent to approximately HK$34.9 million). The Electronic Commercial Drafts were issued by CECEP Industrial Energy Conservation Co., Ltd ("CECEP"), is a subsidiary of China Energy Conservation and Environmental Protection Group* 中國節能環保集團公司 ("CECEPG"), which is a state level enterprise specialised in industrial energy-saving and emission reduction. The Electronic Commercial Drafts have a maturity date falling on 1 December 2018 and were to be transferred by Sichuan Xinju to Jiangsu Goldbond pursuant to the arrangement set out in the Factoring Service Agreement.

On 1 December 2018, Sichuan Xinju failed to transfer the Electronic Commercial Drafts with face value of RMB30 million to Jiangsu Goldbond. Subsequently, on 12 December 2018, Jiangsu Goldbond commenced legal proceeding against Sichuan Xinju and CECEP. On 18 September 2020, a judgment was issued by the relevant PRC court under which Sichuan Xinju and CECEP were ordered to compensate Jiangsu Goldbond (i) the face value of the Electronic Commercial Drafts in the amount of RMB30 million; (ii) the interest incurred therefrom; and (iii) the litigation fee.

No impairment loss on advances provided to customers has been made in the Year as an impairment loss of approximately HK$34.9 million was recognised for the year ended 31 March 2019.

Investments

Interest in an associate: 34.86% of China Rongzhong

China Rongzhong and its subsidiaries ("China Rongzhong Group"), is primarily engaged in finance leasing business through Rongzhong International Financial Leasing Co., Ltd., which provides finance lease services to customers in Hubei Province, the PRC.

Based on publicly available information, the revenue of China Rongzhong Group for the Year was approximately HK$27.5 million (2019: approximately HK$70.8 million), which decreased by approximately HK$43.3 million or 61.2% compared to previous year. China Rongzhong Group experienced high level of impairment loss on its finance lease receivables in the amount of approximately HK$48.2 million for the Year (2019: approximately HK$100.8 million). As a result, China Rongzhong Group reported a net loss attributable to the owners of the Company of approximately HK$65.7 million (2019: approximately HK$91.4 million). The Group's share of loss of China Rongzhong Group for the Year was approximately HK$22.9 million (2019: approximately HK$31.9 million).

The annual report of China Rongzhong is available for viewing and downloading from the website of Stock Exchange at http://www.hkexnews.hk and the website of China Rongzhong at http://www.chinarzfh.com.

Also, the Board considered that the operating environment for China Rongzhong Group is expected to remain challenging. The Board carried out impairment reviews on the carrying amount of the investment in China Rongzhong as at 31 March 2020 by comparing the recoverable amount with the carrying amount of the investment in China Rongzhong. Fair value less costs of disposal, measured using the quoted price for China Rongzhong listed shares on Hong Kong Exchanges and Clearing Limited as at 31 March 2020 was approximately HK$38.8 million (29 March 2019: approximately HK$64.7 million). As at 31 March 2020, the recoverable amount of China Rongzhong is higher than its carrying amount. No impairment loss has been recognised.

Interests in associates: 49% of Goldbond Capital Investments Limited (the "Fund Manager") and 19.9% of Allied Golden Capital Fund I (Cayman) Company Limited (the "Fund")

The Fund sold its first real estate investment in Los Angeles in the United States of America with a successful closing during the year ended 31 March 2019. An investment in real estates of US$10.5 million was made in November 2018. The Fund is managed by the Fund Manager. The Fund Manager will continue to look for opportunistic investments for the Fund in the United States of America, United Kingdom and Hong Kong. The Group's share of loss of the Fund for the Year was approximately HK$0.8 million (2019: approximately HK$0.1 million) while its share of profit of the Fund Manager was approximately HK$1.0 million (2019: approximately HK$0.3 million).

OUTLOOK

The Group's financial services businesses have remained challenging during the Year. The continuous trade dispute between the United States of America and the PRC has added new uncertainties and variables to the outlook of the world economy and global financial markets. The Group will be more cautious on the counterparties' ability on resisting fluctuation in the market when exploring new opportunities in the financing businesses.

Despite the fact that the Group recorded a substantial decrease in revenue during the Year due to the Investigation, the COVID-19 pandemic and the fact that the Group has re-assessed the risk exposure of the factoring and financing business and changed its operation strategy in a prudent manner, the Group consider that such decrease is short-lived. During the Year, the Company has implemented a number of changes to its senior management team with a view to enhance operational management and help position the Group for the next phase of its growth strategy. Looking ahead, recognising the difficulties and opportunities in the financial service industry, the Group strives to strengthen its position in the industry as well as explore new market through a series of acquisition and partnership (a summary of which is disclosed in note 41 to the consolidated financial statements in this annual report), and the Group will continue its business strategy of building an asset portfolio with a good balance of recurring income streams and growth opportunities.

FINANCIAL REVIEW

Revenue

The Group realised revenue for the Year of approximately HK$57,000, representing a decrease of approximately HK$3.3 million or 98.3% as compared to previous year. The decrease was mainly contributed by the change in operation strategy and reduction in small loan financing and factoring service.

Interest revenue – financing and factoring services

The Group realised interest revenue from financing and factoring services for the Year of approximately HK$93,000 representing a decrease of approximately HK$9.9 million or 99.1% as compared to previous year. The decrease was mainly contributed by the significant decrease in interest income from factoring services of the Group.

Staff costs

Staff costs of the Group amounted to approximately HK$12.1 million, representing a decrease by approximately HK$4.1 million or 25.2% compared to previous year. Such decrease is mainly attributable to the decrease in staff salaries and share option expenses.

Other operating expenses

Other operating expenses were approximately HK$16.8 million, representing an increase by approximately HK$1.5 million or 9.6% compared to previous year. The increase was mainly attributable to the increase in legal and professional fees.

Share of loss of associates

Share of loss of associates mainly composed of the share of loss of China Rongzhong of approximately HK$22.9 million (2019: approximately HK$38.3 million) and share of loss of the Fund of approximately HK$0.8 million (2019: approximately HK$0.1 million), offset by the share of profit of the Fund Manager of approximately HK$1.0 million (2019: approximately HK$0.3 million).

Loss for the Year attributable to the owners of the Company

As a result of the foregoing, loss for the Year attributable to the owners of the Company was approximately HK$52.4 million (2019: approximately HK$233.2 million).

Other comprehensive expense for the Year

Other comprehensive expense for the Year represented exchange differences arising on translation to presentation currency of approximately HK$11.1 million (2019: approximately HK$34.0 million).

Liquidity, financial resources and capital structure

The Group always seeks to maintain a healthy liquid position and retain sufficient capital for business development. The Group generally finances its operations through its internal resources. As at 31 March 2020, the aggregate sum of cash, bank balances and short term bank deposits amounted to approximately HK$163.2 million (2019: approximately HK$195.2 million) and there was no bank borrowing. The working capital (current assets less current liabilities) and the total equity of the Group were approximately HK$147.6 million (2019: approximately HK$192.2 million) and approximately HK$233.7 million (2019: approximately HK$296.7 million) respectively. No gearing ratio was calculated as the Group had no debt as at 31 March 2020.

Key Financial Ratio – Net asset value per share

	2020	2019
Net asset value per share (HK cents)	**8.5**	10.7

The decrease in the net asset value per share in the Year was mainly contributed by impairment losses on advances provided to customers and share of loss of China Rongzhong.

Foreign Currency Risk

The Group reports its operating result in Hong Kong dollar but major operations of the Group are carried out in the PRC, transacted and recorded in RMB with some monetary assets and liabilities denominated in other foreign currencies. The Group is, thus, exposed to the fluctuation in exchange rates between RMB, Hong Kong dollar and other currencies. On the other hand, our cash and cash equivalents are primarily in RMB and Hong Kong Dollars. During the Year, the Group has not entered into any hedging or other instrument to reduce currency risks. The management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Charges on group assets

As at 31 March 2020, there was no charge on the Group's assets. As at 31 March 2019, structured deposits of approximately HK$86.1 million and short term bank deposits with original maturity more than three months of approximately HK$0.1 million were pledged to bank to comply with the deposit requirement for the issuance of bills payable by the Group.

Contingent liabilities

As at 31 March 2020, there was no contingent liability.

Future plans for material investments

Save as disclosed in this annual report, there was no other specific plan for material investments or capital assets as at 31 March 2020.

Material acquisitions and disposals of subsidiaries, associated companies or joint ventures

The Group did not have any material acquisition or disposal of subsidiaries, associated companies or joint ventures for the Year.

Subsequent events

Events subsequent to 31 March 2020 are set out in note 41 to the consolidated financial statements in this annual report.

Employees and remuneration policy

As at 31 March 2020, the Group had 25 staff located in both Hong Kong and the PRC. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible directors and employees.

In Hong Kong, the Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant monthly income subject to a cap, which is currently set at HK$1,500.

The employees employed by the subsidiaries in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

Dividend

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

Mr. Wong Yu Lung, Charles, aged 70, has been appointed as the Chairman of the Company with effect from 21 June 2019. He has been an Executive Director of the Company since January 2003 and is responsible for the corporate strategic planning of the Group. He is the Chairman of the nomination committee of the Company (the "Nomination Committee") and a member of the remuneration committee of the Company (the "Remuneration Committee"). Mr. Wong has over thirty years of worldwide experience in the procurement and logistics of consumer products. He is an international entrepreneur of repute and was the co-founder and President of Pacific Resources Export Limited ("PREL"). PREL was the exclusive worldwide sourcing agent for Wal-mart Stores and Sam's Club for twelve years until 2002, with an annual turnover of US$6.5 billion. Throughout his years in operating PREL with 29 branch offices across the globe, (including the United States of America, South America, Central America, Indian Subcontinent, Middle East, Asia and Europe), Mr. Wong has accumulated valuable experience and profound knowledge in the manufacturing and sourcing industry, financial markets, and asset management business.

Mr. Wong is the father of Ms. Wong, Michelle Yatyee, an Executive Director.

As at the date of this annual report, Mr. Wong is also a director of Ace Solomon Investments Limited, Aceyork Investment Limited, Allied Golden Investment Limited and Allied Luck Trading Limited, all being companies which have interests in the shares of the Company which are all disclosed to the Company under the provisions of the Securities and Futures Ordinance ("substantial shareholders' discloseable interests").

Ms. Wong, Michelle Yatyee, aged 40, has been an Executive Director since February 2007. She graduated from the University of Southern California, United States of America with a Bachelor of Arts in Political Science and holds a Juris Doctorate in Law from Whittier Law School, California, U.S.A.

Ms. Wong is currently a non-executive director of China Rongzhong Financial Holdings Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 3963).

Ms. Wong is the daughter of Mr. Wong, the Chairman of the Company and an Executive Director.

As at the date of this annual report, Ms. Wong is also a director of Ace Solomon Investments Limited, Aceyork Investment Limited, Allied Golden Investment Limited and Allied Luck Trading Limited, all being companies which have substantial shareholders' discloseable interests.

Mr. Ma Ho Fai GBS JP, aged 69, joined the Company as an independent non-executive Director in February 2003. He is a member of the audit committee of the Company (the "Audit Committee"), Remuneration Committee and Nomination Committee. Mr. Ma is a partner of Woo Kwan Lee & Lo and was admitted as a solicitor in Hong Kong, England and Wales, Australian Capital Territory and the Republic of Singapore, and is a China-Appointed Attesting Officer. He is a Deputy to the National People's Congress of the PRC, the Chairperson of the Travel Industry Authority, the Chairman of the Protection of Wages on Insolvency Fund Board and the President of the Association of China-Appointed Attesting Officers Limited. Mr. Ma was also appointed as a non-executive director of the Insurance Authority. In addition, he is currently an independent non-executive director of Asiaray Media Group Limited, a company listed on the Stock Exchange (stock code: 1993).

Mr. Cheng Yuk Wo, aged 59, joined the Company as an independent non-executive Director in November 2007. He is also the Chairman of both the Audit Committee and Remuneration Committee and a member of the Nomination Committee. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Professional Accountants of Canada. Mr. Cheng holds a Master of Science (Economics) degree in Accounting and Finance and a Bachelor of Arts (Honour) degree in Accounting. His career includes more than 20 years' accounting and corporate advisory services expertise in several listed companies in Hong Kong. The co-founder of a Hong Kong merchant banking firm, Mr. Cheng is the proprietor of a certified public accountancy practice in Hong Kong.

Mr. Cheng is currently an independent non-executive director of C.P. Pokphand Co. Ltd. (stock code: 43), Chia Tai Enterprises International Limited (stock code: 3839), Chong Hing Bank Limited (stock code: 1111), CPMC Holdings Limited (stock code: 906), CSI Properties Limited (stock code: 497), HKC (Holdings) Limited (stock code: 190), Kidsland International Holdings Limited (stock code: 2122), Liu Chong Hing Investment Limited (stock code: 194), Miricor Enterprises Holdings Limited (stock code: 1827), Somerley Capital Holdings Limited (stock code: 8439) and Top Spring International Holdings Limited (stock code: 3688), all being companies listed on the Stock Exchange. Mr. Cheng was an independent non-executive director of C.P. Lotus Corporation, a company delisted from the Main Board of the Stock Exchange on 28 October 2019 and was an independent non-executive director of DTXS Silk Road Investment Holdings Company Limited (stock code: 620), a company listed on the Main Board of The Stock Exchange, from November 2015 to May 2020.

Mr. Yeh Shing Hang Kevin Arthur, aged 39, joined the Company as an independent non-executive Director in September 2019. He is also a member of the Audit Committee. Mr. Yeh joined Hammer Capital Asset Management Limited ("Hammer Capital"), a company licensed by the Securities and Futures Commission for Type 9 regulated activity (asset management). Mr. Yeh is currently a director and licensed representative of Hammer Capital and is responsible for managing funds on a discretionary basis with primary focus on structured finance solutions. Prior to joining Hammer Capital, Mr. Yeh worked at J.P. Morgan and Citicorp International Limited respectively where he was responsible for delivering corporate finance, capital markets and operating solutions to corporate clients. Mr. Yeh graduated from Amherst College with a Bachelor of Arts in Economics.

SENIOR MANAGEMENT

Mr. Wong Ming Bun David, aged 47, joined the Company as the chief executive officer of the Company in May 2019. Mr. David Wong has over 20 years of professional capital market, financial investment and asset management experience. Prior to joining the Company, he was a Senior Vice President at Franklin Templeton Darby Private Equity responsible for deal origination, execution and monitoring and involved in fundraising for regional growth capital funds with a primary focus on private credit and mezzanine financing in the Greater China and Southeast Asian region. Before that, he was an Equity Research Analyst in Citigroup Smith Barney's Asia Pacific Consumer Research team, covering a portfolio of listed companies in Hong Kong, Taiwan, South Korea, Indonesia, Singapore and Malaysia. Previously, Mr. David Wong worked at PricewaterhouseCoopers focusing on banking and capital market assurance and business advisory services. He graduated from the University of Toronto with a Bachelor of Commerce degree majoring in Accounting & Finance and is also a Certified Public Accountant (AICPA, HKICPA), Chartered Global Management Accountant (AICPA) and Certified Management Accountant (IMA).

Mr. David Wong is currently a non-executive director of China Rongzhong, a company listed on the Main Board of the Stock Exchange (stock code: 3963).

Mr. Ng Tik Tsun, aged 42 joined the Company as the chief financial officer of the Company in August 2019. Mr. Ng is responsible for overall corporate strategic development, operation and financial management as well as merger and acquisition transactions for the Company. Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng holds a Bachelor's Degree in Accounting and Finance from the De Montfort University, United Kingdom. Mr. Ng has over 18 years of experience in listed company corporate management, merger and acquisitions and initial public offerings, with experience in various industries including electric vehicle, start-up, container shipping and manufacturing businesses. Mr. Ng was a senior manager of Ernst & Young and held a senior management position in SITC International Holdings Limited, a company listed on the Stock Exchange (stock code: 1308). Prior to joining the Company, Mr. Ng served as the chief financial officer and company secretary of Apollo Future Mobility Group Limited, a company listed on the Stock Exchange (stock code: 860) and led various business acquisitions in the electric vehicle industry and negotiation with other strategic partners for on going business development.

Ms. Li Fung Shan, aged 37, joined the Company as the company secretary and financial controller of the Company in July 2019. Ms. Li is a fellow and a practising member of the Hong Kong Institute of Certified Public Accountants. Ms. Li holds a Bachelor's Degree in Commerce majoring in Accounting from the Macquarie University, Australia. Prior to joining the Group, Ms. Li worked as the financial controller of a company listed on the Main Board of the Stock Exchange which is principally engaged in sales of automotive electronic products and provision of advanced driving assistance systems. Prior to that, she worked as the chief financial officer and company secretary of a company listed on the GEM Board of the Stock Exchange. She has extensive experience in company secretarial and accounting fields for over 10 years.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders. During the Year, the Company has applied the principles and complied with all code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry with all Directors, the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

– **Composition of the Board**

Executive Directors	:	Mr. Wong Yu Lung, Charles *(Chairman)* *(Deputy Chairman then appointed as Chairman with effect from 21 June 2019)* Mr. Ding Chung Keung, Vincent *(Chief Executive Officer)* *(resigned with effect from 1 May 2019)* Ms. Wong, Michelle Yatyee
Independent Non-executive Directors	:	Mr. Ma Ho Fai GBS JP Mr. Cheng Yuk Wo Mr. Yeh Shing Hang Kevin Arthur *(appointed with effect from 16 September 2019)* Mr. Ng Chi Keung MH *(resigned with effect from 20 June 2019)*

Mr. Wong Yu Lung, Charles ("Mr. Wong") is the father of Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong"). Save as disclosed, there is no relationship (including financial, business, family or other material relationship) among members of the Board.

– **Responsibilities of the Board**

The Board is responsible for leadership and control of the Group and be collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; supervising and managing management's performance of the Group; and setting the Group's values and standards. The Board delegates the day-to-day management, administration and operation of the Group to management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

BOARD OF DIRECTORS (continued)

– **Attendance at Board and General Meeting**

During the Year, a total of four Board meetings were held and the attendance of each Director is set out as follows:

Name of Director during the Year	Number of meetings attended/ held during the Year
Mr. Wong *(Chairman)*	4/4
Ms. Michelle Wong	4/4
Mr. Ma Ho Fai GBS JP	4/4
Mr. Cheng Yuk Wo	4/4
Mr. Yeh Shing Hang Kevin Arthur *(appointed with effect from 16 September 2019)*	1/1
Mr. Ding Chung Keung, Vincent *(resigned with effect from 1 May 2019)*	1/1
Mr. Ng Chi Keung MH *(resigned with effect from 20 June 2019)*	1/1

No general meeting of the Company was held during the Year.

– **Continuing Professional Development**

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has continuously provided relevant materials to the Directors. Directors participated in courses or seminars or read relevant materials relating to roles, functions and duties of a listed company director or further enhancement of their professional development. The Directors are requested to provide the Company with their respective training record pursuant to the requirement of the CG Code on continuous professional development. During the Year, all Directors have participated in appropriate continuous professional development activities by way of attending training sessions, conferences and seminars or reading materials relevant to the Company's business, directors' duties and responsibilities, corporate governance and recent amendments to the Listing Rules.

BOARD OF DIRECTORS (continued)

– **Continuing Professional Development (continued)**

All the Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their knowledge and skills.

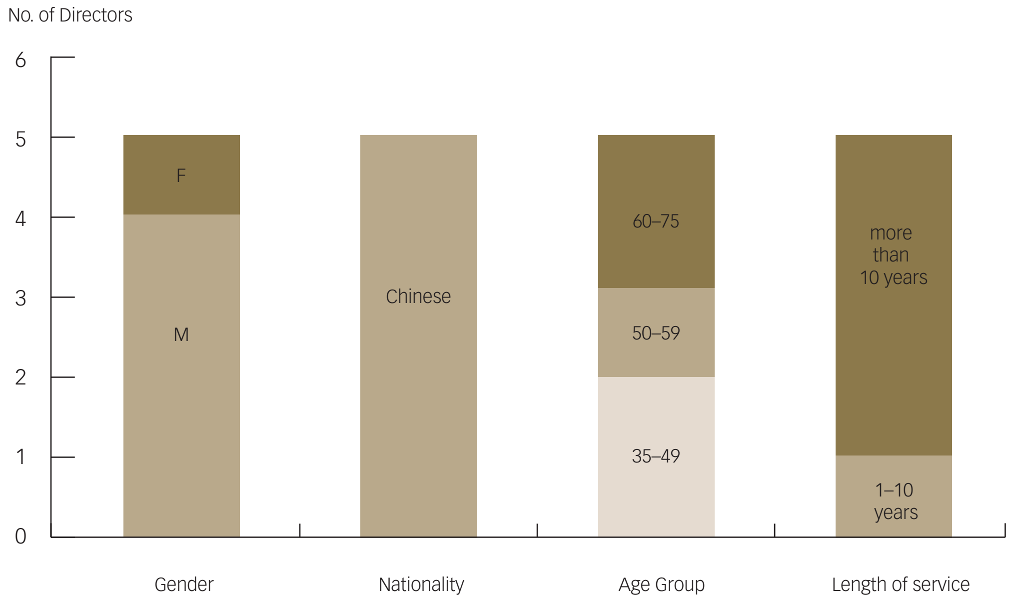
The Directors of the Company and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in discharge of their duties while holding office as the directors and officers of the Company. The directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy on 1 September 2013 which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

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. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The current Board composition reflects diverse mix of professional knowledge, industry experience and length of service. The diversity mix of the Board as at the date of this annual report is summarised in the following charts:



CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Wang Jun ("Mr. Wang") was the Chairman of the Company up to 2018 AGM and Mr. Ding Chung Keung, Vincent (resigned with effect from 1 May 2019) was the chief executive officer of the Company up to 30 April 2019. Mr. Wong (the then Deputy Chairman) was appointed as Chairman of the Company with effect from 21 June 2019 and Mr. Wong Ming Bun David was appointed as the chief executive officer of the Company with effect from 1 May 2019. During the Year, there is segregation of duties between Chairman and Chief Executive Officer. The segregation of duties ensures balance of power between the Board and the Group's management as well as their independence and accountability.

The Chairman is the leader of the Board and he oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account, where appropriate, matters proposed by other directors for inclusion in the agenda. The Chairman has overall responsibility for providing leadership, vision and direction in the development of the business of the Company.

The Chief Executive Officer is responsible for the day-to-day management of the business of the Group, attends to formulation and successful implementation of policies, and assumes full accountability to the Board for all operations of the Group. Working with the Chairman and the executive management team of each core business division, he ensures smooth operations and development of the Group. He maintains continuing dialogue with the Chairman/ Deputy Chairman and all Directors to keep them fully informed of all major business developments and issues. He is also responsible for building and maintaining an effective executive team to support him in his role.

NON-EXECUTIVE DIRECTORS

All independent non-executive Directors are appointed for a specific term. The appointment of Mr. Ma Ho Fai GBS JP and Mr. Cheng Yuk Wo as independent non-executive Directors was for a term of three years with effect from the date of their appointment. Mr. Yeh Shing Hang Kevin Arthur was appointed as an independent non-executive Director for an initial term of two years, which will be renewable automatically by one year on the expiry of such initial term and can be terminated by either party by serving two months' notice in writing.

The current articles of association of the Company (the "Articles") provide that at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three then the nearest number to but not less than one-third of the Directors, shall retire from office. A retiring Director shall be eligible for re-election.

BOARD COMMITTEES

– **Audit Committee**

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Cheng Yuk Wo (Chairman) and Mr. Ma Ho Fai GBS JP and Mr. Yeh Shing Hang Kevin Arthur.

The changes in the composition of the Audit Committee for the year ended 31 March 2019, and up to the publication of this annual report are set out below:

- With effect from 20 June 2019, Mr. Ng Chi Keung MH ceased to be a member of the Audit Committee; and

- With effect from 16 September 2019, Mr. Yeh Shing Hang Kevin Arthur has been appointed as a member of the Audit Committee.

The chief responsibilities of the Audit Committee include making recommendations to the Board on the appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of the resignation or dismissal of such auditors; reviewing the financial results of the Group; and supervising the financial reporting process and effectiveness of internal control system of the Group.

Eleven meetings of the Audit Committee were held during the Year. The following table sets out the attendance of each member of the Audit Committee at the meetings of the Audit Committee held during the Year:

Name of Director	Attendance/No. of Audit Committee meetings held
Mr. Cheng Yuk Wo *(Chairman)*	11/11
Mr. Ma Ho Fai GBS JP	11/11
Mr. Yeh Shing Hang Kevin Arthur *(appointed with effect from 16 September 2019)*	5/5
Mr. Ng Chi Keung MH *(resigned with effect from 20 June 2019)*	2/2

BOARD COMMITTEES (CONTINUED)

– **Audit Committee (continued)**

The works performed by the Audit Committee during Year are as follows:

- considered the engagement of an independent professional firm to undertake an investigation (the "Investigation") in respect of the trading transactions in chemical products by a subsidiary of the Company involving an aggregate overdue account receivables for the Group in the amount of approximately RMB57,000,000 (equivalent to approximately HK$65,000,000);
- considered and reviewed the key findings of the Investigation;
- making recommendations to the Board in light with the Investigation;
- considered and made recommendations to the Board for the change of auditor of the Company;
- reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- reviewed the risk management and internal control systems of the Group; and
- reviewed the effectiveness of the Company's internal audit function.

The Audit Committee has reviewed the audited financial results of the Group of the Year.

BOARD COMMITTEES (continued)

– **Remuneration Committee**

The Remuneration Committee currently comprises two independent non-executive Directors, namely Mr. Cheng Yuk Wo (Chairman) and Mr. Ma Ho Fai GBS JP and one executive Director, namely Mr. Wong Yu Lung, Charles.

The changes in the composition of the Remuneration Committee for the year ended 31 March 2019, and up to the publication of this annual report are set out below:

– With effect from 1 May 2019, Mr. Ding Chung Keung, Vincent ceased to be a member of the Remuneration Committee; and

– With effect from 1 May 2019, Mr. Wong Yu Lung, Charies has been appointed as a member of the Remuneration Committee.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the Directors. The remuneration committee is also responsible for establishing formal and transparent procedures for developing such remuneration policy and structure.

Two meetings of the Remuneration Committee were held during the Year. The following table sets out the attendance of each member of the remuneration committee at the remuneration committee meetings held during the Year:

Name of Director	Attendance/No. of Remuneration Committee meetings held
Mr. Cheng Yuk Wo *(Chairman)*	2/2
Mr. Wong Yu Lung, Charles *(appointed with effect from 1 May 2019)*	2/2
Mr. Ma Ho Fai GBS JP	2/2
Mr. Ding Chung Keung, Vincent *(resigned with effect from 1 May 2019)*	0/0

During the Year, the Remuneration Committee reviewed and made recommendations to the Board on the remuneration packages of Directors.

BOARD COMMITTEES (continued)

– **Nomination Committee**

The Nomination Committee currently comprises one executive Director, namely Mr. Wong Yu Lung, Charles (Chairman) and two independent non-executive Directors, namely Mr. Ma Ho Fai GBS JP and Mr. Cheng Yuk Wo.

The changes in the composition of the Nomination Committee for the year ended 31 March 2019, and up to the publication of this annual report are set out below:

– With effect from 1 May 2019, Mr. Ding Chung Keung, Vincent ceased to be a member of the Nomination Committee;

– Mr. Wong Yu Lung, Charies has been appointed as a member and the Chairman of the Nomination Committee with effect from 1 May 2019 and 21 June 2019, respectively;

– With effect from 20 June 2019, Mr. Ng Chi Keung MH ceased to be a member and the Chairman of the Nomination Committee; and

– With effect from 21 June 2019, Mr. Ma Ho Fai GBS JP has been appointed as the member of the Nomination Committee.

The primary objectives of the Nomination Committee are to review the size, structure and composition of the Board, identify suitably qualified individual for appointment to the Board, assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

BOARD COMMITTEES (continued)

– Nomination Committee (continued)

Two meetings of the Nomination Committee were held during the Year. The following table sets out the attendance of each member of the nomination committee at the meetings of the Nomination Committee held during the Year:

Name of Director	Attendance/No. of Nomination Committee meetings held
Mr. Wong Yu Lung, Charles *(Chairman)* *(appointed as a member and the Chairman with effect from 1 May 2019 and 21 June 2019, respectively)*	2/2
Mr. Ma Ho Fai (GBS JP) *(appointed with effect from 21 June 2019)*	2/2
Mr. Cheng Yuk Wo	2/2
Mr. Ding Chung Keung, Vincent *(resigned with effect from 1 May 2019)*	0/0
Mr. Ng Chi Keung MH *(resigned with effect from 20 June 2019)*	0/0

The works performed by the Nomination Committee during the Year are as follows:

– considered (i) the appointment of Mr. Wong Yu Lung, Charles as the Chairman of the Company; and (ii) the appointment of Mr. Yeh Shing Hang Kevin Arthur as an independent non-executive Director;

– reviewed the structure, size and composition of the Board; and

– assessed the independence of independent non-executive Directors.

In considering the nomination of new Director during the Year, the Nomination Committee and the Board took into account the qualification, ability, working experience, leadership and professional ethics of the candidate, especially his experience in the relevant industry and/or other professional areas.

BOARD COMMITTEES (continued)

– Corporate Governance Functions

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of Directors, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

The works performed by the Board in relation to corporate governance practice during the Year are as follows: –

- reviewed and monitored the training and continuous professional development of Directors and senior management; and
- reviewed the Company's compliance with the Code.

The Board held meetings from time to time whenever necessary. At least 14 days notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of every meeting of the Board are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary of the Company with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration for the year is presented as follows:

	Fee paid HK$'000
Audit services	780
Non-audit services	208

The non-audit services provided by the auditor to the Group during the Year mainly include the review of interim results and continuing connected transactions of the Group.

– Director's Responsibilities in Respect of Financial Statements

The Directors are responsible for overseeing the preparation of financial statements for each financial period with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that the judgment and estimates made are prudent and reasonable.

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Board at least annually conducts a review of the effectiveness of the Company and its subsidiaries' internal control systems. Such review covers all material controls, including financial, operational and compliance controls and risk management functions.

The Company takes the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong as the Company's basis of identification of inside information, to ensure the timely report of inside information to the executive Directors and maintain communication with the Board. Meanwhile, the Company handle and disseminate the inside information according to the related policy to ensure that the inside information is kept confidential before being approved for dissemination and the relevant information will be released effectively and conformably.

The Group is committed to maintaining and upholding a good internal control system. During the Year, the Company has an internal audit function by engaging an external consultants, Ernst & Young Advisory Services Limited, to review the internal control policies and procedures of the Company and the selected subsidiaries newly acquired or established by the Company. It has reported to the Audit Committee and the Board and made recommendations for improvement and strengthening of the internal control system. In respect of the reporting year, a review of the effectiveness of the risk management and internal control systems have been conducted and the Board considered them effective and adequate. No significant areas of concern which might affect shareholders were identified.

COMPANY SECRETARY

The company secretary of the Company is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary reports to the Chairman and is responsible for advising the Board on governance matters.

Ms. Li Yu Lian, Kelly, the company secretary of the Company up to 15 May 2019 has completed the relevant professional training of not less than 15 hours. With effect from 16 May 2019, Ms. Li Yu Lian, Kelly resigned as the company secretary of the Company and Mr. Wong Ming Bun, David was appointed as the company secretary of the Company.

With effect from 19 July 2019, Mr. Wong Ming Bun, David resigned as the company secretary of the Company and Ms. Li Fung Shan ("Ms. Li") was appointed as the company secretary of the Company. Each of Mr. Wong Ming Bun, David and Ms. Li has taken not less than 15 hours of the relevant professional training. The biography of the Company Secretary is set out on page 14 of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars.

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Articles and the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s).

SHAREHOLDER’S RIGHTS

– **Procedures for shareholders to convene a general meeting**

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “Companies Ordinance”), shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings of the Company can make a request to call a general meeting.

The request:

(i) must state the general nature of the business to be dealt with at the general meeting;

(ii) may include the text of a resolution that may properly be moved and is intended to be moved at the general meeting;

(iii) may consist of several documents in like form;

(iv) may be sent in hard copy form (to the Company’s registered office, which is situated at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong for the attention of the Company Secretary) or in electronic form (via email at contact@goldbondgroup.com); and

(v) must be authenticated by the person or persons making it.

Pursuant to Section 567 of the Companies Ordinance, Directors must call a general meeting within 21 days after the date on which they become subject to the requirement and the general meeting so called must be held on a date not more than 28 days after the date of the notice convening the general meeting.

Pursuant to Section 568 of the Companies Ordinance, if the Directors do not do so, the shareholders who requested the general meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting. The general meeting must be called for a date not more than 3 months after the date on which the Directors become subject to the requirement to call a general meeting. The Company must reimburse any reasonable expenses incurred by the shareholders requesting the general meeting by reason of the failure of the Directors duly to call the general meeting.

SHAREHOLDER'S RIGHTS (continued)

– **Procedures for shareholders to request circulation of resolution for annual general meeting ("AGM")**

Pursuant to Section 615 of the Companies Ordinance, shareholder(s) can make a request to circulate a notice of a resolution that may properly be moved and is intended to be moved at an AGM. The request must be made by:

(i) shareholder(s) representing at least 2.5% of the total voting rights of all shareholders who have a right to vote on the resolution at the AGM to which the request relates; or

(ii) at least 50 shareholders who have a right to vote on the resolution at the AGM to which the request relates.

The request:

(i) may be sent in hard copy form (to the Company's registered office, which is situated at Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong for the attention of the Company Secretary) or in electronic form (via email at contact@goldbondgroup.com);

(ii) must identify the resolution of which notice is to be given;

(iii) must be authenticated by the person or persons making it; and

(iv) must be received by the Company not later than 6 weeks before the AGM to which the request relates or if later, the time at which notice is given of that AGM.

– **Procedures for Sending Enquiries to the Board**

Shareholders may send written enquiries to the Company, for the attention of the Company Secretary, by email: contact@goldbondgroup.com, fax: (852) 2826 9289, or mail to the registered office of the Company.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

– **Procedures to Propose a Person for Election as a Director of the Company**

Pursuant to Article 119 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the registered office of the Company. The minimum length of the period during which such notices are given shall be at least seven (7) days and the period for lodgement of such notices shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

INVESTOR RELATIONS

The Company maintains a website at http://www.goldbondgroup.com where information and updates on the list of Directors and their roles and functions, constitutional documents, terms of reference of the Board committees, procedures for nomination of Directors for election, announcements, circulars and reports released to the Stock Exchange and other information are posted. Information on the Company's designated website will be updated from time to time.

During the year ended 31 March 2020, there was no change in the Company's constitutional documents.

DIVIDEND POLICY

The Company considers stable and sustainable returns to the Shareholders to be our goal. On 31 December 2018, the Board adopted a dividend policy (the "Dividend Policy"). According to the Dividend Policy, the declaration and payment of dividends shall be determined at the sole discretion of the Board subject to all the applicable requirements under the Companies Ordinance and the Articles, and the Company's ability to pay dividends will depend upon, among other things:

1. the Group's current and future earnings;

2. the general financial condition of the Group;

3. the liquidity position and capital requirements of the Group;

4. dividends received from the Company's subsidiaries and associates, which in turn will depend on the ability of those subsidiaries and associates to pay a dividend; and

5. other factors that the Board may consider appropriate.

SCOPE AND REPORING PERIOD

This is the fourth Environmental, Social and Governance ("ESG") report by Goldbond Group Holdings Limited (the "Company"), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules.

The Company and its subsidiaries (collectively the "Group") were principally engaged in the provision of financial services business including financing and factoring services in Hong Kong and the PRC and held interests in associates.

This ESG report covers the Group's overall environmental and social performances of the business operations of its offices in (i) Admiralty, Hong Kong of China (ii) Nanjing, Jiangsu province of China, (iii) Yancheng, Jiangsu province of China, and (iv) Shanghai of China, from 1 April 2019 to 31 March 2020 (the "Reporting Period"), unless otherwise stated. Total floor area coverage for the Group was 1287.72 m^2.

Operations that had no significant environmental and social impacts contributed were excluded from the reporting scope.

STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group values input and feedback of its stakeholders as they bring potential impacts to the Group's business. Shareholders, management and employees of the Group have been involved in annual general meetings, staff meetings, stakeholder surveys, daily email and telephone communications to share views regarding the Group's operations and performances. The Group has specifically engaged internal stakeholders to gain further insights on ESG material aspects and challenges through stakeholder surveys in the Reporting Period. Through meetings and surveys, the Group and its stakeholders identified the following top five material aspects:

- Employment;
- Occupational health and safety;
- Development and training;
- Consumer data protection; and
- Customer service.

The Board of the Company understands that it has overall responsibility for the Group's ESG strategy and reporting. ESG-related risks are identified through the risk control procedures and the identified material aspects are strictly managed through the Group's policies and guidelines. Management of the aspects have been described in separate sections below. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders to share and exchange ideas for advancing the Group's ESG management.

STAKEHOLDERS' FEEDBACK

The Company welcomes stakeholders' feedback on our ESG approach and performance. Please give your suggestions or share your views with us via email at contact@goldbondgroup.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

At Goldbond Group Holdings Limited, ESG is viewed as a business philosophy that creates sustainable value for all our stakeholders including but not limited to shareholders, employees, business partners, customers, suppliers, Government bodies, community members. By embracing opportunities and managing risks derived from environmental, social, and economic developments, our ESG policy defines our long-term approach to specific issues in two cornerstones: Environmental and Social, which is instrumental in enabling our business to operate in a sustainable manner. The Group is committed to the long-term sustainability of our business development and the communities in which we operate.

Environmental

We value the importance of environmental protection and the impact of the environment to the well-being of communities. The Group pursues the following initiatives on the environmental protection policy:

- To give due consideration to environmental issues in our corporate decision-making process and actively minimize the impact of our business operations on the environment.

- To continue to improve our environmental performance and comply with applicable environmental laws and standards.

- To reduce energy consumption and improve energy efficiency, conserve resources, use renewable or recyclable materials, minimize the use of paper and dispose of waste in an environmentally responsible manner.

- To raise staff awareness of environmental issues through education and training and enlist their support in improving our environmental performance.

Social

We consider our staff as valuable wealth of the Group and the foundation for the development of the Group. We also believe in giving back to the communities in which we operate. The following are our policy on social aspects:

- To foster a supportive and quality working environment by upholding employment practices that treat our staff fairly and equally.

- To safeguard the rights and interests of our staff with strict compliance with the applicable laws and will never harm their interests.

- To provide our staff opportunities for training and development.

- To ensure a healthy and safe workplace and facilitate meaningful communication within the Group.

- To maintain a high standard of integrity, transparency and accountability in our operations, improving our services based on evolving market demands, and promoting sustainable development to our stakeholders.

- To support local initiatives that create effective and lasting benefits to the community through corporate philanthropy and mobilizing our staff to participate in volunteer work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY (continued)

Social (continued)

This Policy shall be communicated to the Group's stakeholders, including but not limited to its employees, shareholders, suppliers, business partners and customers, and made available to the public, in particular the investing public.

The Group is committed to the continual development of this Policy and its integration into the Group's operations and will review this Policy on a regular basis.

A. ENVIRONMENTAL

A1 Emissions

Governance on Air and Greenhouse Gas ("GHG") Emissions

Environmental protection has always been one of the fundamental values of the Group. In the course of achieving the Group's business objectives and maximising value creation for its stakeholders, the Group strives to achieve a balance between its operation needs and the environment by using resources wisely and minimising pollutants from its business operation. The Group recognises its responsibility to contribute towards environmentally sustainable development as reflected by its policy statement:

- Towards full compliance with environmental legislation and other applicable regulations.
- Environmentally clean and use energy efficiently.
- Prevent pollution by applying effective waste management and environmental friendly work practice.

The Group has also formulated related environmental initiatives to promote sustainability within its business. The Group upholds the principles of emission reduction and resource efficiency in its environmental management approaches. This is achieved by implementing measures that promote energy efficiency, wastes reduction and other green initiatives. The Group is also committed to educating its employees in raising their awareness of environmental protection and complying with relevant environmental laws and regulations. Within its policy framework, the Group continually looks for opportunities to pursue environmentally friendly initiatives, enhance its environmental performance by reducing energy consumption and the use of other resources.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations concerning air and GHG emissions, discharges into water and land, and generation of non-hazardous waste, including but not limited to the Waste Disposal Ordinance of Hong Kong, the Air Pollution Control Ordinance of Hong Kong and the Environmental Protection Law of the People's Republic of China (the" PRC").

Main types of emission sources from the Group during the reporting period were mainly petrol consumed by Group-owned vehicle, use of electricity, disposal of paper to landfill and business air travel. The Group's business does not involve in consumption of packaging materials, production-related air, water, and land pollutions which are regulated under national laws and regulations. In addition, the Group's core businesses in financial services does not contribute to significant environmental or natural resources impact comparing to businesses in other sectors. Most importantly, the Group still strives to minimize its adverse environmental impact from its business operation.

A. ENVIRONMENTAL (continued)

A1 Emissions (continued)

Air emissions

A total of 4,789.64 litres of petrol was used for the Group-owned vehicles in the Reporting Period, contributing to 0.07 kg of sulphur oxides, 1.88 kg of nitrogen oxides and 0.14 kg of particulate matter.

Greenhouse gas emissions

Scope of Greenhouse Gas Emissions	Emission Sources	Emission[1] (in tCO_2e)	Total Emission (in %)
Scope 1			
Direct Emission	Unleaded petrol consumed by Group-owned Vehicle	12.97	28%
Scope 2			
Indirect Emission	Use of Electricity	23.80	51%
Scope 3			
Other Indirect Emission	Paper Consumption	1.56	21%
	Business Air Travel	8.36	
Total		46.69	100%

Note 1: Emission factors were made reference to Appendix 27 of the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.

There were 46.69 tonnes of carbon dioxide equivalent ("tCO_2e") greenhouse gases (mainly comprise of carbon dioxide, methane and nitrous oxide) emitted from the Group's business operation in the Reporting Period. The annual emission intensity was 0.04 tCO_2e/m^2, which contributed to a 11.98% reduction of emission intensity when compared to the last Reporting Period.

Measures to Mitigate Emissions

The Group has set up teleconference facilities in office to avoid business air travels whenever possible. When options are available, the Group also opts for direct flights to reduce unnecessary carbon emissions.

A. ENVIRONMENTAL (continued)

A1 Emissions (continued)

Waste Management

The Group generated no hazardous waste in its operation throughout the Reporting Period. A total of 325.56 kg of paper has been used for daily office operations such as documents printing and deliverables packaging, contributing to an emission of 1.56 tCO2e. Other recyclable materials (including waste packaging and raw materials) were collected either by licensed recyclers or suppliers.

The Group is aware that enormous amount of waste is usually generated after Chinese New Year and the Mid-Autumn Festival. Therefore, Group's staff from the Hong Kong office actively participates in recycling campaigns. During the Reporting Period, the Group collected mooncake tin boxes in Mooncake Sharing and Mooncake Boxes Collection 2019 organized by Food Angel and Salvation Army in September 2019. Tin boxes were donated to Food Angel and Salvation Army which is devoted to supporting the underprivileged while the paper boxes were proceeded for reuse and recycling. In February 2020, the Group joined the red packet reuse and recycling campaign, named Recycling Campaign for Collection of Useless Red Packets 2020, organized by Greeners Action for the third consecutive year. The program encourages the public to get used to the idea of reusing red packets as an environmentally friendly practice during Chinese New Year. The collected red packets would be re-distributed to the general public in 2021 by Greeners Action. In addition, the Group participated in Used Book Recycling Campaign 2019 organized by World Vision HK and Aeon Stores (HK) Co Ltd in July 2019 for promoting the reuse mindset of second-hand book and reducing the domestic solid waste.

Go Green Initiatives

The Group practices paper saving initiatives, such as adopting duplex printing and printing internal documents with recycling paper. Starting from 2016, the Group has been providing employees with monthly e-Payroll Advice instead of paper forms to reduce paper use at source. It encourages staff to reuse single-side printed waste paper, used envelope, box file, and filing index etc. During the Reporting Period, a total of 570.4 kg of paper had been recycled, which contributed to an emission reduction of 2.74 tCO_2e.

The Group believes that contributing to a more sustainable environment is a creditable business practice. It constantly reminds staff to "save paper, save energy and save water" through notices and email. By implementing the following initiatives, the Group strives to perform the best in every aspect of environmental protection so as to construct a green office ultimately.

A. ENVIRONMENTAL (continued)

A1 Emissions (continued)

Go Green Initiatives (continued)

a. *Go Paperless*

The group has adopted "Go Paperless" initiative to reduce paper usage and make use of technologies in order to create a paperless working environment. Staff is encouraged to:

- Make printing and copying a need instead of a want;
- Reuse blank second sides of copies for notes or scrap paper;
- Print or copy with "2-in-1" or double-sided settings; and
- Go digital whenever possible for filing, on-screen presentations and follow up with electronic copies.

b. *Energy Saving*

Energy Saving labels are placed on lighting switches, printers, paper shredders, copiers and monitors as friendly reminders, reminding staff to turn them off whenever possible.

c. *Reducing the Use of M-fold Paper Towel and Dishwashing Detergent*

Knowing that staff uses 2 to 3 pieces of M-Fold paper towel daily for drying cups and containers, staff is highly recommended to bring their own towel for cleaning and drying, or use 1 piece of paper towel each time when needed. They are also encouraged to use less dishwashing detergent.

d. *Reusing Used Envelopes and Office Stationeries*

Staff is encouraged to reuse single-side printed waste paper, used envelope, box file, and filing index etc.

e. *Green Procurement*

The Administration Department has made a lot of progress in purchasing products with higher recycled content for office supplies and will continue their effort in sourcing products with improved recyclability and greater durability, as well as to avoid disposable items and unnecessary packaging.

f. *Collection of Waste Paper, Metal and Plastic*

The Group prides itself on segregating waste efficiently. Waste paper is collected in collection bags while waste metal and plastic are collected in the pantry. The assigned Environmental Protection Ambassador will then transfer all these recyclable materials to corresponding recycling bins regularly.

A. ENVIRONMENTAL (continued)

A2 Use of Resources

Minimizing Energy Consumption

The Group strives to minimize the energy consumed at all levels in its operations by identifying and imposing measures to increase energy and resource efficiency.

The resources used by the Group are principally attributed to electricity, water, paper and petrol consumed in its daily operation. With the aim to better manage its use of resources, regular assessments of the use of resources are performed. The Group has adopted green office practices to reduce natural consumption and its impact on the environment. Throughout the years, the Group put forth a strong emphasis on minimizing the usage of mentioned materials during our daily operations. The following table shows the figures of material consumption in the Group's business operations.

Types of resources	Unit	Amount
Petrol	Liter	4,790
Electricity	kWh	30,127
Tap water	m^3	N/A

During the Reporting Period, the Group consumed 4,790 liter of petrol and 30,127 kWh electricity. The Group was principally engaged in provision of factoring services as well as small loan and micro-financing services. We did not consume significant volume of water through our business activities, and therefore our business activities did not generate material portion of discharge into water during the Reporting Period. In addition, the majority of the water supply and discharge facilities were provided and managed by property management company of the offices and the respective data is not available.

Energy Consumption Sources	Direct Consumption	Energy Consumption (in kWh)
Petrol	4,790 Liter	43,586
Electricity	30,127 kWh	30,127
Total		73,713

The energy used in the Group's operation included consumption of petrol and electricity. The Group consumed a total of 73,713 kWh energy during the Reporting Period. The annual emission intensity was 57.24 kWh/m^2, which contributed to a 12.90% reduction of emission intensity when compared to the last Reporting Period.

A. ENVIRONMENTAL (continued)

A2 Use of Resources (continued)

Energy Use Efficiency Initiatives

The Group encourages staff to adopt energy saving measures through reminders, emails and notices. For example, switching off unnecessary lighting and electronic appliances (including printers, computers and monitors), controlling temperature of air conditioners (at or above 26 degrees Celsius) and heater (at or lower than 20 degrees Celsius), and ensuring lighting and electronic appliances are turned off after work. The Group also adopted LED light bulbs in its office and will explore further opportunities to reduce electricity consumption. Besides, energy saving labels are placed on lighting switches, printers, paper shredders, copiers and monitors as environmental friendly reminders, reminding staff to turn them off whenever possible.

Water Use Efficiency Initiatives

The water used by the Group is mainly for daily general usage. During the Reporting Period, the Group has actively adopted various measures to educate the staffs to save water from daily life. In order to establish proper attitude towards the use of water in the office, the Group have posted water saving sign at prominent places to remind employees of controlling the water flow when washing hands, minimizing tap water flow and switching off the tap after use.

Packaging Materials

The Group did not involve in the consumption of packaging materials during the Reporting Period.

A3 The Environment and Natural Resources

Aiming to Minimize Impact on the Environment

The business activities of the Group have no significant impact on environment and natural resources, while the Group still takes environmental issues into due consideration when marking corporate decision and actively minimize the impact of our business operations on the environment. It is believed that contributing to a more sustainable environment is a creditable business practice. In addition, the Group constantly raises staff awareness of environmental issues through education and training and reminds staff to “save paper, save energy and save water” through notices and email.

A4 Climate Change

Addressing the Climate Change Issue

The Group is planning to set up a committee in providing effective governance for integrating and addressing the climate change issue within our business. The committee will be responsible for categorizing and addressing the climate change risk related to our business operations. The committee is supposed to meet regularly and plays an integral role in overseeing the transitional risks posed from climate change. The risks of which include increased regulation and related financial obligation such as the imposition of carbon taxes, increased disclosure, and more stringent environmental risk management that affect our business.

B. SOCIAL

B1 Employment and Labour Practices

Equal Employment Practices

The Group puts significant emphasis on the welfare of employees whom it considers the Group's most valuable assets and the foundation of its business development. Hence, the Group strives to attract and retain talents and reconcile economical imperatives with well-beings, aiming at reinforcing satisfaction, loyalty and commitment of human capital, as well as treating our staff fairly and equally.

The Group has adopted comprehensive human resources manual which includes policies and procedures applicable to all staff. The Group offer employees competitive and fair remuneration packages with discretionary year-end bonus that commensurate with their experience, performance and job responsibilities. Annual review of salaries has been proceeded based on employees' overall work performance, attitude, job knowledge, job responsibilities, punctuality, qualification, pay scale, the Group's operating results, the prevailing inflation rate and other conditions in the market. All employees are treated fairly regarding recruitment, training and development, appraisal of work performance, promotions, rest periods, remuneration and benefits.

During the Reporting Period, the Group strictly complies with the relevant laws and regulations of employment, including but not limited to the Employment Ordinance of Hong Kong, the Minimum Wage Ordinance of Hong Kong, the Mandatory Provident Fund Schemes Ordinance of Hong Kong, the Labour Law of the PRC and the Labour Contract Law of the PRC.

Employee Benefits and Welfare

Throughout the Goldbond Group' operation, the Group strives to provide an excellent and comfortable working environment. The Group sets appropriate and regular working hours and rest breaks for all staff members in their respective employment letter. The standard working hours are around 8 to 10 hours per day and 40 to 50 hours per week, with discretion on compensation for overtime work depending on employees' positions and duties. The Group also provides paid annual leave, sick leave, maternity leave, paternity leave, compassionate leave, jury service leave, marriage leave and seminar/conference/training leave in addition to statutory holidays set by the government. Insurance benefits scheme offered includes employees' compensation insurance, medical insurance, business travel insurance plan, Mandatory Provident Fund ("MPF") scheme and Social Insurance Policy in Hong Kong and China. Allowances on mobile phone, transportation and uniform are also provided to employees with respective needs. The Group was honoured as a Good MPF Employer and was presented with E-contribution Award and Support for MPF Management Award by the MPF Schemes Authority.

B. SOCIAL (continued)

B1 Employment and Labour Practices (continued)

Transfer, Promotion and Dismissal

The Group provides opportunities for internal transfers under employees' request, provided that there is an opening in the transferee department. It is also subject to appraisal evaluation of the employee's qualification and approval by the head of the transferor and transferee department. Annual performance appraisal serves as an effective tool for department heads to evaluate employees' capabilities, work performances and contribution to the Group in accordance with the Group's policies and procedures, setting the basis for any salary adjustment and internal promotion. Whenever possible, promotion opportunities will first be offered to talented employees before posting of job vacancies in public. Employees are also welcomed to discuss their career development with their respective department head or the Human Resources Department.

An employee who wishes to resign should tender notice in writing to the Group as stipulated in his or her letter of appointment. Staff dismissals are based on the Employment Ordinance (Chapter 57 of Laws of Hong Kong) or relevant local laws and regulations, as well as the requirements stipulated in the employment contracts.

Equal Opportunity

The Group provides a fair, equal opportunity, respectful and pleasant work environment to employees. All practices are designed to ensure processes of recruitment, employment, assignment, training, promotion, compensation and offers are based on employees' qualifications, experience and/or the terms and conditions, regardless of employees' race, color, religion, national origin, sex, age, marital status, sexual orientation, disability, political affiliation, personal appearance, family responsibilities, matriculation or any other characteristic protected under local law.

Employee Relations

The Group organizes celebrative activities, voluntary activities and gatherings to strengthen team spirit and sense of belongings among employees. In the Reporting Period, the Group organized the Christmas Buffet Dinner 2019, Annual Chinese Dinner 2020, the Chinese New Year Lion Dance Ceremony 2020.

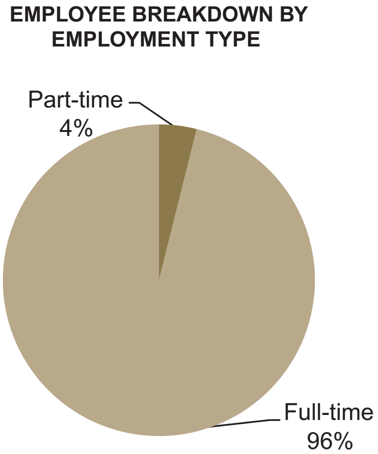
B. SOCIAL (continued)

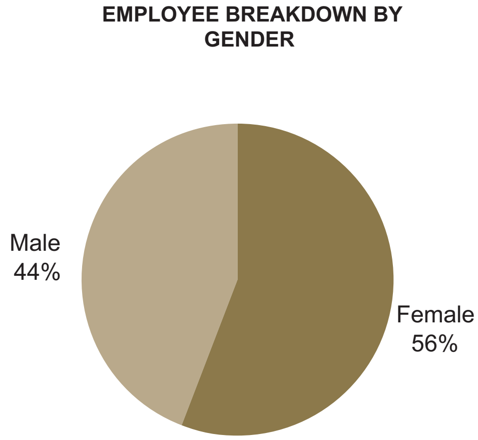
B1 Employment and Labour Practices (continued)

Total Employees and Turnover

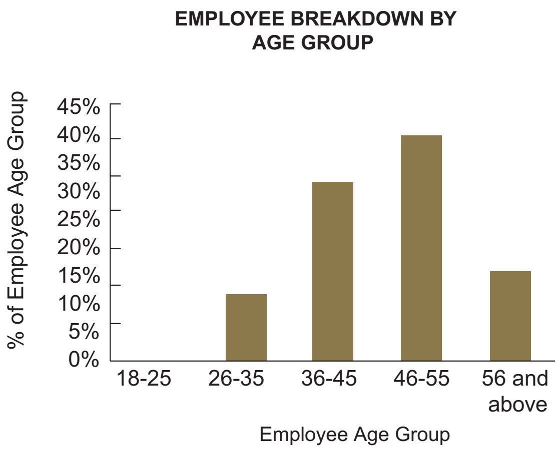
As of 31 March 2020, the Group employed 25 staffs in total. As an illustration, the workforce statistic by employment type, gender, are illustrated in pie graphs while the workforce statistic by age group and geographical region are disclosed as bar charts:

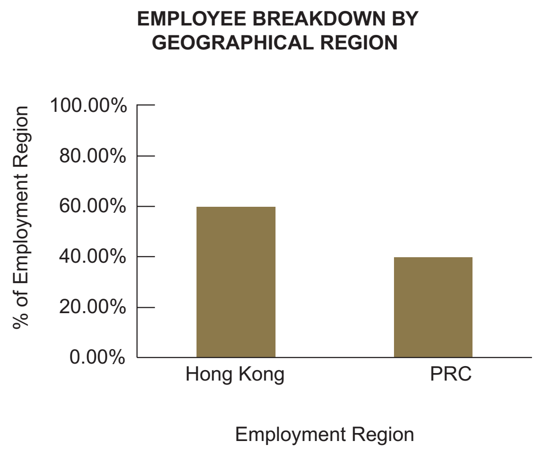
Employment Type and Gender





Age and Geographical Distribution





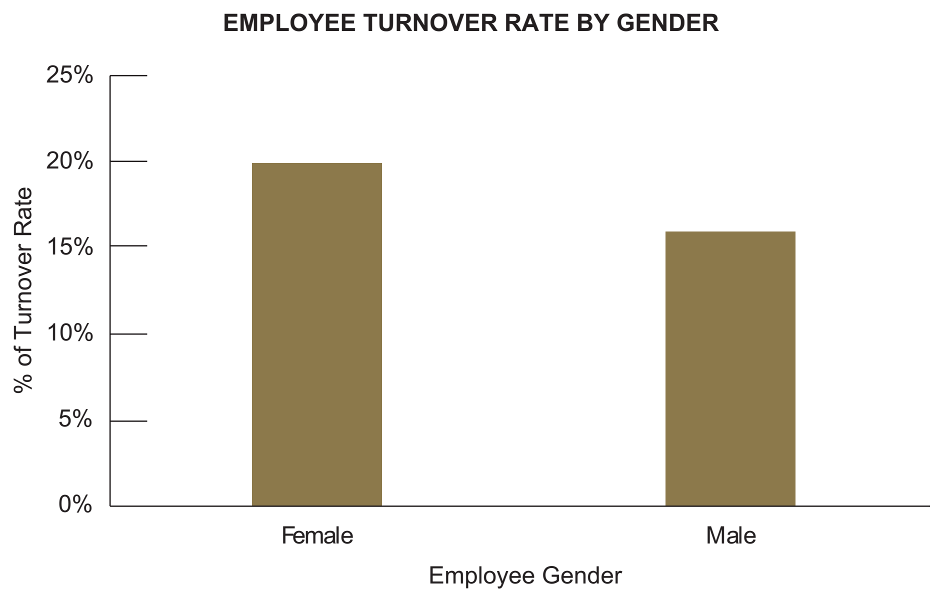
The Group has more than half of its workforce as female and over 95% of its staff is under full time employment category. Over 70% of the Group's staff is aged between 36 to 55. All employees are remunerated fairly, regardless of gender, age or nationality.

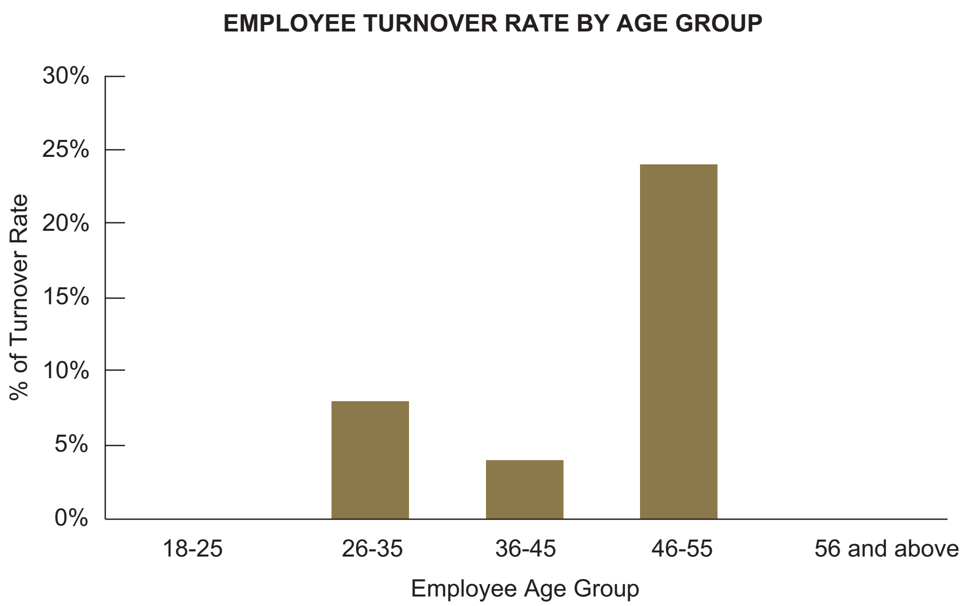
B. SOCIAL (continued)

B1 Employment and Labour Practices (continued)

Total Employees and Turnover (continued)

The overall turnover rate is 36% and the annual turnover rates categorized by different gender, age group and geographical region in the Reporting Period are as follows:

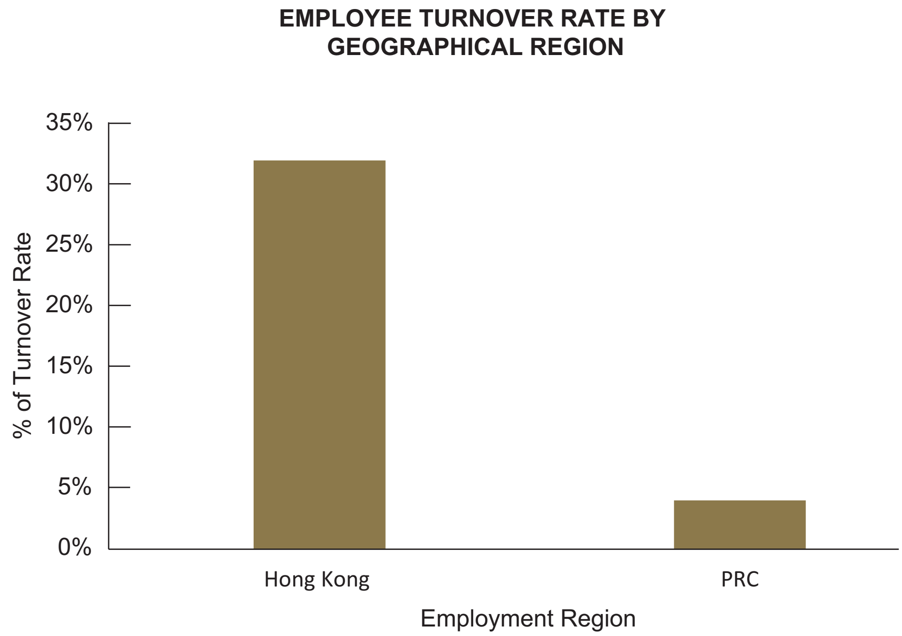




B. SOCIAL (continued)

B1 Employment and Labour Practices (continued)

Total Employees and Turnover (continued)



The Group is committed to complying with relevant labour standards and employment laws and regulations which are applicable to our business. During the Reporting Period, no material and significant disputes between the Group and the employees were occurred.

B. SOCIAL (continued)

B2 Health and Safety

Promoting Health and Safety

In alignment with the Group's ESG Policy, the Group strives to maintain a healthy, safe and quality workplace. The Group established a guideline on occupational health and safety to raise employees' awareness on occupational health and safety, which helps employee understand potential hazards in their workplace and preventive measures to occupational health and safety diseases and it laid out measures to ensure healthy and safe practices in the following aspects:

- Lighting;
- Indoor Air Quality and Ventilation;
- Office Furniture and Working Posture;
- Office Equipment;
- Manual Work Handling;
- Other Office Safety;
- Fire Safety;
- First Aid Box; and
- General Cleanliness.

The guideline is circulated to all employees through email. In the Reporting Period, the Group participated in a series of fire safety activities, including fire drill, fire safety knowledge seminar, safety check, and promotion on fire safety knowledge handbook and office health, organized by the office building's management. In cases of injury by accident or infection by disease in the course of work duties, staff members should report to the Administration Department as soon as possible after immediately proper first aid treatment. The accident will then be reported to the Labour Department and relevant insurer accordingly.

During the Reporting Period, the Group strictly complies with the Occupational Safety and Health Ordinance of Hong Kong, the Occupational Disease Prevention Law of the PRC. No severe injury or fatality was reported throughout the Reporting Period.

B. SOCIAL (continued)

B3 Development and Training

Talent Management

The Group acknowledges and highly value continuous staff training and development. Therefore, the Group takes a proactive approach to expose employees to different types of opportunities to advance their careers. On-the-job training is provided to employees to enhance their skills and proficiency. In addition, employees are encouraged to attend internal and external training courses to refresh their prior knowledge, familiarise themselves with newly updated guidelines and latest information on market and industry development, improve their performance, encourage their self-developments as well as maintain their competitiveness within the industry.

Internally, the Group provides its new employees with induction training in the name of the product basic knowledge, staff basic education, and office software training. All staff has also repeatedly attended workshops that are related to their daily operations. Training contents are regularly reviewed to ensure they are up-to-date with the industrial standards and to ensure their relevance to the daily operation of the Group. Effectiveness assessments are conducted to provide feedback to the trainees on their skills learned and proficiency in the relevant areas.

Besides, the Group supports employees to attend continuing professional development courses or conferences organized by professional bodies, such as trainings related to requirements for Initial Public Offering ("IPO"), updates on Hong Kong Corporate Governance Code, share option schemes, ESG reporting, stress and time management, and corporate laws and regulations in foreign countries.

Training, Induction and Continuing Development of Directors

Each Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment so that he/she has appropriate understanding of the businesses and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Group is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her responsibilities under the Listing Rules and applicable and regulatory requirements and the governance policies of the Group. All Directors also understand the importance of continuous professional development and are committed to participating any suitable training to develop and refresh their professional knowledge and skills.

B. SOCIAL (continued)

B4 Labour Standards

Prohibiting Forced Child and Labour

The Group prohibits the use of child labour and forced labour at all its units by strictly following and complying with the Employment Ordinance of Hong Kong, the Provision on the Prohibition of Using Child Labour of the PRC and the Labour Law of the PRC. The Group does not employ children until they reach the legal age to work as defined by local laws and regulations. Personal data such as identification cards will be collected to verify the identity of the interviewee during the recruitment process to ensure the applicant is over the legally authorised working age pertained to local labour laws.

To prevent forced labour practices, the human resources management functions would ensure sufficient rest days would be given to employees. No employee is made to work against his/her will or work as forced labour, or subject to corporal punishment or coercion of any type related to work.

B5 Supply Chain Management

Upholding High Procurement Standards

The Group upholds high procurement standards in China's operation by adopting an internal control measures to ensure that its procurement process is conducted in an open and fair manner. The procurement process related to fixed assets, office supplies and equipment is started after the submission of a list of annual or quarter demand. Market surveys are conducted, and quotations are obtained from various suppliers to formulate a procurement proposal for formal application after the approval made by the general managers. Thereafter, approval will be made by both the financial managers and general managers before selecting suppliers and purchasing.

Although the Hong Kong operation has no procurement policy, procurement preferences are given to those products or services that are more environmentally friendly. For example, printing company using environmentally friendly paper and soy ink is selected for the Group's bulk printing of annual reports.

B6 Commitment to Product Responsibility

Ensuring Good Service and Product Quality

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling, and privacy matters relating to products and services and methods of redress, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong and Product Quality Law of the PRC.

B. SOCIAL (continued)

B6 Commitment to Product Responsibility (continued)

Intellectual Property Rights

The Group strives its best to protect intellectual property of computer software. The Group does not allow employees to use their personal notebook and/or computer in the workplace, unless prior written approval is obtained from the management as set forth by the staff handbook. Without the consent of the management, employees are also strictly prohibited from installing any unauthorized and/or pirated software in the notebooks, computers, servers and/or other electronic devices provided by the Group. A proper approval should be obtained from the management if employees need extra hardware, software and/or licenses for their operation. Violation of the above regulations may result in disciplinary actions including immediate termination of employment without any compensation and notice. No material non-compliance in relation to intellectual property rights laws and regulations was recorded during the Reporting Period.

Confidentiality

Employees shall make every effort in providing adequate awareness and physical protection when handling the Group's trade secrets, proprietary information or confidential data. Such information shall be held in strictest confidence and shall not be disclosed to any person, firm or corporation except as necessary in carrying his or her duties for the Group with such third party. Information including enquiries concerning the Group, its customers, business partners, existing and/or former employees should be directed to the appropriate party for proper handling. A breach of the above confidentiality provisions will result in disciplinary actions or dismissal without compensation. No material non-compliance in relation to confidentiality laws and regulations was recorded during the Reporting Period.

Email Usage Monitoring

The Group monitors email usage to facilitate efficient provision of service to business partners, maintain a stable email service environment for communications and provide information for management to ensure proper utilization of the Group's resources. Email facilities shall only be used for facilitating business of the Group. The Group reserves the right to log all out-going and in-coming email, access contents of all email held in the employee's mailboxes at any times and conduct random checks to ensure conditions of use of email facilities are observed. The logs and recorded information of email will be checked and recorded for ensuring compliance with the Group's rules and regulations, responding to any legal processes or investigating suspected breach of the staff handbook and/or any policy of the Group. Access to the logs and contents of email is restricted to the management and/or authorized person(s) only.

Complaints Handling

The Group opens complaint channels to all shareholders and potential shareholders, customers and consumers, suppliers and contractors, all directors and employees of the Group. Although no policy was set up, complaints will be received by the company secretary, general managers and head of human resources of the respective offices for further handling. No complaint was received in the Reporting Period.

B. SOCIAL (continued)

B7 Anti-corruption

Commitment to Anti-Corruption

The Group emphatically affirms its zero-tolerance stance regarding corruption, fraud, and all other behaviours that severely violate professionalism and work ethics. The Group adheres to a high standard of integrity, transparency and accountability in its operations. As stated in the staff handbook, without prior permission from the Group, employee shall not be engaged in any work or be involved in any business either alone or jointly with any other person or persons, or with a company directly or indirectly related to the reward or receipt of commission or fee from the Group. Employees are not allowed to solicit or accept any advantage in money or in kind from any parties having business relations with the Group for their personal benefit. Employees are also prohibited to invite any of the parties having business relations with the Group to attend their personal banquets, dinner parties and/or personal gathering.

The Group has set up an effective whistleblowing policy (in the staff handbook) to encourage employees for reporting fraud, corruption, bribery, extortion and money laundering. In case of suspected corruption or other criminal offences, a report will be made to the Hong Kong Independent Commission Against Corruption (“ICAC”) or the appropriate authorities in the PRC. Any employee in breach of this regulation is liable to be summarily dismissed and may render himself or herself liable to prosecution under Section 9 of the Prevention of Bribery Ordinance of the Laws of Hong Kong.

The Group’s operations in China also posted whistleblowing reminders publicly to provide channels for the public to report any improprieties of the Group. Whistleblowing complaints will be handled with sensitivity, discretion, and confidentiality to the extent allowed by the circumstances and the law. The identity of the whistleblower will not be disclosed without the consent of the employee. Allegations that are baseless and not made in good faith may result in disciplinary action. Directors and employees received training from time to time to ensure that they comply and familiar with the anti-corruption guides, policies and procedures of the Group during the Reporting Period.

During the Reporting Period, the Group strictly complies with the relevant laws and regulations of bribery, extortion, fraud, and money laundering, including but not limited to the Prevention of Bribery Ordinance of Hong Kong, the Anti-Money Laundering Law of the PRC and the PRC Criminal Law. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Reporting Period.

B. SOCIAL (continued)

B8 Community Investment

Contributing to the Welfare of Society

The Group encourages staff to take part in community welfare and voluntary work for the sake of fulfilling its responsibility and giving back to the society. During the Reporting Period, the Group made a donation of approximately HKD10,000 to all the elderly who attended the Cantonese Opera organized by Po Leung Kuk in Causeway Bay on 10 May 2019.

In addition, the Group also participated in the following charitable events and volunteering activities:

1. *Participation in public welfare activities organized by Po Leung Kuk in 2019 with in-kind donation*
   The Group participated in public welfare activities "Cantonese Opera" and "Life Education 2019" organized by Po Leung Kuk in May and July 2019 respectively. Donation was made to all the elderly who attended the "Cantonese Opera" on 10 May 2019.

2. *Participation in "Used Book Recycling Campaign 2019"*
   The Group participated in "Used Book Recycling Campaign 2019" organised by World Vision HK and Aeon Stores (HK) Company Limited in July 2019 to support and encourage the reuse of second hand book among the public.

3. *Participation in "Mooncake Sharing and Mooncake Boxes Collection 2019"*
   The Group participated in "Mooncake Sharing and Mooncake Boxes Collection 2019" organised by Food Angel and Salvation Army in September 2019 to encourage and promote community recycling and environmental awareness.

4. *Participation in "Recycling Campaign for Collection of Useless Red Packets 2020"*
   The Group participated in "Recycling Campaign for Collection of Useless Red Packets 2020" organised by Greeners Action in February 2020 to promote environmental awareness regarding re-using red packets and protecting environment while enjoying the Chinese New Year.

INDEX FOR ESG REPORTING GUIDE

Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions – Governance on Air and Greenhouse Gas ("GHG") Emissions; Air Emissions; GHG Emissions; Measures to Mitigate Emissions; Waste Management; Go Green Initiatives
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions; GHG Emissions; Waste Management; Go Green Initiatives
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions in total (in tonnes) and intensity.	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management (Not applicable – Explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions – Air Emissions; GHG Emissions; Measures to Mitigate Emissions; Waste Management; Go Green Initiatives
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management; Go Green Initiatives

INDEX FOR ESG REPORTING GUIDE (continued)

Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources – Minimizing Energy Consumption
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Minimizing Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Minimizing Energy Consumption (Applicable – But without data)
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Minimizing Energy Consumption; Energy Use Efficiency Initiatives
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water target(s) set and steps taken to achieve them.	Use of Resources – Water Use Efficiency Initiatives
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Packaging Materials (Not applicable)
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources – Aiming to Minimize Impact on the Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Aiming to Minimize Impact on the Environment
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change – Addressing the Climate Change Issue
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Addressing the Climate Change Issue

INDEX FOR ESG REPORTING GUIDE (continued)

Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment and Labour Practise
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training

INDEX FOR ESG REPORTING GUIDE (continued)

Subject Areas, Aspect, General Disclosure and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Commitment to Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment

The Directors submit their report together with the audited consolidated financial statements of the Group for the Year.

PLACE OF INCORPORATION OF THE COMPANY AND PRINCIPAL ACTIVITIES OF THE GROUP

The Company is an investment holding company incorporated in Hong Kong. The principal activities and other particulars of its subsidiaries are set out in Note 40 to the consolidated financial statements.

For the review of the business of the Group, the key financial performance indicators of the Group, an indication of likely future development in the Group's business and particulars of important events affecting the Group that have occurred since the end of the financial year, please refer to the section headed "Management Discussion and Analysis" on pages 4 to 11 of this report.

RESULTS AND DIVIDEND

The results of the Group for the Year and the state of the Group's and the Company's affairs as at 31 March 2020 are set out in the consolidated financial statements on pages 71 to 136 of this annual report.

The Board does not recommend the payment of dividend in respect of the Year (2019: Nil).

SEGMENT INFORMATION

The Group's revenue and profit from operating activities for the Year were derived from provision of financial services and trading of goods in Hong Kong and China. Segment analysis is set out in Note 6 to the consolidated financial statements.

FINANCIAL INFORMATION

A summary of the published results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 3 of this annual report.

EQUIPMENT

Details of movements in equipment of the Group are set out in Note 16 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Movement during the Year in the reserves of the Group is set out in the consolidated statement of changes in equity on page 74 of this annual report and movement in the reserves of the Company is set out in Note 29 to the consolidated financial statements.

As at 31 March 2020, the Company had no distributable reserve (2019: Nil).

BANK BORROWING

As at 31 March 2020, the Group had no bank borrowing (2019: Nil).

SHARE CAPITAL

Details of the share capital of the Company during the Year are set out in Note 26 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the five largest customers of the Group accounted for approximately 100.0% (2019: 98.1%) of the Group's revenue and the largest customer accounted for approximately 74.0% (2019: 67.0%) of the Group's revenue.

During the Year, the Group did not have any supplier (2019: Nil).

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers noted above.

RETIREMENT BENEFIT SCHEME

The Group operates a mandatory provident fund scheme. Particulars of which are set out in Note 35 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 25 staff located in both Hong Kong and China. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees, details of which are set out under the section headed "SHARE OPTION SCHEMES" below.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of knowledge and belief, the Directors consider that the following are the key risks and uncertainties identified by the Group as at the date of this report.

Market Risk

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market prices, for instance, foreign exchange rates and interest rates. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign Exchange Rate Risk

The Group mainly operates in the PRC with most of the transactions settled in Renminbi. During the year ended 31 March 2020, the Group did not carry out any hedging activity against foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against Renminbi may have a financial impact on the Group.

Interest Rate Risk

For interest-sensitive investments, the Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

Equity Price Risk

Equity price risk arises from fluctuation in market prices of the Group's investment in financial assets. The investment portfolio is frequently reviewed and monitored by the senior management to ensure prompt action is taken and the loss arising from the changes in the market values is capped within an acceptable range.

Liquidity Risk

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and cash equivalents to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The management will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

Investment Risk

Investment risk can be defined as the likelihood of occurrence of losses relative to the expected return on any particular investment. Key concern of investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process. Proper authorisation system has been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of the Group would be submitted to the Board.

Economic Environment

All of the Group's facilities, operations and revenue are principally located in and derived from the PRC and Hong Kong. The Group's results of operations and financial condition therefore depend on the economies of the PRC and Hong Kong. The economy of Hong Kong is significantly affected by the developments in Mainland China and the Asia-Pacific region. Mainland China's economy may experience negative economic developments, and other regional economies may also deteriorate. The Group also has significant business across the PRC and part of its growth strategy is to expand into new regions. These regions have also been adversely affected by the global economic slowdown and any continued slowdown may have an adverse effect on the Group's existing operations in, and planned expansion into, these regions.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been adopted in the Group. Such initiatives include recycling of used papers and energy saving.

RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that employees are our valuable assets. Thus, the Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of the employees and makes necessary adjustments to conform to the market standard. The Group also understands that it is important to maintain good relationships with business partners and bank enterprises to achieve its long-term goals. Accordingly, our senior management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the Year, there was no material and significant dispute between the Group and its business partners or bank enterprises.

DIRECTORS AND SERVICE CONTRACTS

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

Executive Directors

Mr. Wong Yu Lung, Charles (Deputy Chairman then appointed as Chairman with effect from 21 June 2019)
Mr. Ding Chung Keung, Vincent (Chief Executive Officer) (resigned with effect from 1 May 2019)
Ms. Wong, Michelle Yatyee

Independent Non-Executive Directors

Mr. Ma Ho Fai GBS JP
Mr. Cheng Yuk Wo
Mr. Yeh Shing Hang Kevin Arthur (appointed with effect from 16 September 2019)
Mr. Ng Chi Keung MH (resigned with effect from 20 June 2019)

The Company has received written confirmation from all Independent Non-executive Directors regarding their independence as required under Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent.

The Directors' biographical details are set out in the section headed "Information on Directors and Senior Management" in this annual report.

Each of the executive Directors, non-executive Directors and independent non-executive Directors is subject to retirement and re-election at the forthcoming general meeting of the Company after his/her appointment and will also be subject to the retirement by rotation and re-election in accordance with the articles of association of the Company and the CG Code.

PERMITTED INDEMNITY PROVISION

In accordance with Article 162, subject to the Companies Ordinance, but without prejudice to any indemnity to which a Director may otherwise be entitled, the managing Directors, Directors, auditors, secretary and other officers for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by them or any of them as the holder of any such office or appointment in defending any proceedings, whether civil or criminal, in which judgment is given in their favour or in which they are acquitted or in connection with any application under the Companies Ordinance in which relief is granted by the Court. The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 March 2020, the interests or 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 Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares ("Shares")/underlying Shares of the Company

		Number of Shares/underlying Shares				
Name of Directors and Chief executive	**Capacity**	**Personal Interest**	**Corporate Interest**	**Other Interest**	**Total**	**Approximate % of Shareholding** *(Note 7)*
Directors						
Mr. Wong Yu Lung, Charles ("Mr. Wong")	Beneficial owner and trustee of discretionary trusts	103,000,000 *(Note 1)*	–	1,575,465,517 *(Note 2)*	1,678,465,517	60.77%
Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong")	Beneficial owner and beneficiary of discretionary trusts	49,000,000 *(Note 3)*	–	1,575,465,517 *(Note 2)*	1,624,465,517	58.81%
Mr. Ma Ho Fai GBS JP ("Mr. Ma")	Beneficial owner	2,700,000 *(Note 4)*	–	–	2,700,000	0.10%
Mr. Cheng Yuk Wo ("Mr. Cheng")	Beneficial owner	2,600,000 *(Note 5)*	–	–	2,600,000	0.09%
Chief executive						
Mr. Wong Ming Bun David ("Mr. D Wong")	Beneficial owner	26,000,000 *(Note 6)*	–	–	26,000,000	0.94%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (continued)

Long positions in shares of US$0.1 each of an associated corporation, namely, Goldbond Capital Investments Limited

Name of Director	Capacity	Number of shares	Approximate % of Shareholding *(Note 8)*
Mr. Wong	Trustee of a trust	124,000	31%
Ms. Michelle Wong	Beneficiary of a trust	124,000	31%

Long position in shares of HK$0.01 each of an associated corporation, namely, China Rongzhong Financial Holdings Company Limited ("China Rongzhong")

Name of Director	Capacity	Number of shares	Approximate % of Shareholding *(Note 9)*
Ms. Michelle Wong	Trustee of a trust	20,234,242	4.91%

Notes:

1. These interests represented the share options granted to Mr. Wong under the 2002 Scheme and the 2012 Scheme (as defined under the section headed "SHARE OPTION SCHEMES" on pages 62 to 64 of this annual report).

2. These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck Trading Limited ("Allied Luck") (directly holding 855,808,725 Shares), Allied Golden Investment Limited ("Allied Golden") and Aceyork Investment Limited ("Aceyork") (indirectly holding 719,656,792 Shares through Ace Solomon Investments Limited ("Ace Solomon"), a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong Fang Pik Chun ("Mrs. Wong") and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong") and their children.

   In light of the above, each of Mr. Wong and Ms. Michelle Wong is deemed to be interested in these Shares under the SFO.

3. These interests represented the share options granted to Ms. Michelle Wong under the 2002 Scheme and the 2012 Scheme.

4. These interests included 1,200,000 Shares and 1,500,000 share options granted to Mr. Ma under the 2002 Scheme.

5. These interests represented the share options granted to Mr. Cheng under the 2002 Scheme.

6. These interests represented the share options granted to Mr. D Wong under the 2012 Scheme.

7. As at 31 March 2020, there was a total of 2,761,912,843 Shares in issue.

8. As at 31 March 2020, there was a total of 400,000 shares of Goldbond Capital Investments Limited in issue.

9. As at 31 March 2020, there was a total of 412,509,000 shares of China Rongzhong in issue.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS (continued)

Save as disclosed above, as at 31 March 2020, none of the Directors or chief executive of the Company or any of their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31 March 2020, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares/underlying Shares of the Company

Name of substantial shareholder	Capacity	Number of Shares/ underlying Shares	Total	Approximate % of Shareholding *(Note 5)*
Mrs. Wong	(i) Interest of spouse	103,000,000 *(Note 1)*	1,678,465,517	60.77%
	(ii) Trustees	1,575,465,517 *(Note 2)*		
Miss Jacqueline Wong	Beneficiary of the discretionary trusts	1,575,465,517 *(Note 2)*	1,575,465,517	57.04%
Mr. Kwok Wing-Sien ("Mr. Kwok")	Interest of spouse	1,624,465,517 *(Note 3)*	1,624,465,517	58.81%
Allied Luck	Beneficial owner	855,808,725	855,808,725	30.99%
Ace Solomon	Beneficial owner	719,656,792 *(Note 4)*	719,656,792	26.06%
Aceyork	Interest in controlled corporation	719,656,792 *(Note 4)*	719,656,792	26.06%
Allied Golden	Interest in controlled corporation	719,656,792 *(Note 4)*	719,656,792	26.06%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (continued)

Long position in the Company's redeemable convertible preference shares ("PS") *(Note 6)*

Name of substantial shareholder	Capacity	Total number of PS	Approximate % of shareholding of PS
Miss Jacqueline Wong	Interest in controlled corporation	68,400,000	100%

Notes:

1. Mrs. Wong is deemed to be interested in these underlying Shares held by Mr. Wong, her spouse, for the purpose of the SFO.

2. These Shares were indirectly held by two discretionary trusts. The assets of these trusts included the entire issued share capital of Allied Luck (directly holding 855,808,725 Shares), Allied Golden and Aceyork (indirectly holding 719,656,792 Shares through Ace Solomon, a company which was equally owned by Allied Golden and Aceyork). The trustees of these trusts were Mr. Wong and Mrs. Wong and the beneficiaries of these trusts were Ms. Michelle Wong and Miss Jacqueline Wong and their children.

   In light of the above, each of Mrs. Wong and Miss Jacqueline Wong is deemed to be interested in these Shares.

3. Mr. Kwok is deemed to be interested in these Shares/underlying Shares held by Ms. Michelle Wong, his spouse, for the purpose of the SFO.

4. These Shares were held by Ace Solomon as described in Note 2 above. Allied Golden and Aceyork are taken to be interested in these Shares.

5. As at 31 March 2020, there was a total of 2,761,912,843 Shares in issue.

6. As at 31 March 2020, there was a total of 68,400,000 PS in issue.

Save as disclosed above, as at 31 March 2020, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

During the Year, the Group entered the following continuing connected transactions and connected transaction:

(i) On 22 April 2016, one of the Company's wholly-owned subsidiaries entered into a tenancy agreement (the "Tenancy Agreement") with Golden Palms Development Limited ("Golden Palms") whereby the Group agreed to lease certain areas located at Unit 3901, 39/F., Tower One, Lippo Centre, 89 Queensway, Hong Kong for a term of three years commencing from 1 May 2016 at a monthly rental of HK$392,400 (exclusive of management fees, rate, government rent and operating expenses). Golden Palms is beneficially owned by a discretionary trust of which, Ms. Michelle Wong, being a Director, is an eligible beneficiary, and therefore a connected person of the Group pursuant to the Listing Rules.

The transactions (the "Transactions") contemplated under the Tenancy Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules which were subject to the reporting, announcement and annual review requirements but were exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the Tenancy Agreement are set out in the announcement of the Company dated 22 April 2016.

The Tenancy Agreement had expired on 30 April 2019.

The independent non-executive Directors have reviewed the Transactions for the Year and have confirmed that the Transactions for the Year have been entered into:

(a) in the ordinary and usual course of business of the Company;

(b) on normal commercial terms or better; and

(c) in accordance with the agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has reviewed the Transactions for the Year and confirmed that nothing has come to their attention that causes them to believe that the Transactions for the Year:

(a) have not been approved by the Board;

(b) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions (i.e. the Tenancy Agreement); and

(c) have exceeded the annual cap set by the Company.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION (continued)

(ii) Upon the expiry of such Tenancy Agreement at the end of April 2019, the Company entered into a new tenancy agreement (the "New Tenancy Agreement") with Golden Palms for another term of three years commencing from 1 May 2019 at a monthly rental of HK$392,400 (exclusive of management fees, rate, government rent and operating expenses).

The transaction contemplated under the New Tenancy Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules which was subject to the reporting and announcement requirements but was exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the New Tenancy Agreement are set out in the announcements of the Company dated 23 April 2019 and 29 April 2019.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in Note 38 to the consolidated financial statements. Other than the transaction disclosed in the paragraph headed "CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION", each of the related party transactions during the Year constitutes a connected transaction or continuing connected transaction but is fully exempted and not subject to any of the disclosure requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed under the paragraph headed "Related Party Transaction" and in Note 38 to the consolidated financial statements in connection with the related party transactions, no contracts of significance in relation to the Group's business to which the Company and any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly subsisted at the year-end or at any time during the Year.

SHARE OPTION SCHEMES

On 31 August 2012, the Company terminated the old share option scheme (the "2002 Scheme") which was adopted on 18 September 2002, and adopted a new share option scheme (the "2012 Scheme") on the same date with similar terms for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants under the 2012 Scheme include, among others, employees (whether full time or part time), Directors, controlling shareholders, customers, adviser, consultant, contractor, suppliers, agents or service providers of the Group. No further share options will be granted under the 2002 Scheme, but the provisions of the 2002 Scheme remain in full force and effect to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

The maximum number of shares which may be issued upon exercise of all options that are or may be granted under the 2012 Scheme and the 2002 Scheme equals to 10% of the shares in issue as at the date of adoption of the 2012 Scheme.

SHARE OPTION SCHEMES (continued)

As at 31 March 2020, the total number of shares which may be issued on the exercise of options granted or to be granted under the 2012 Scheme and the 2002 Scheme is 257,601,284, representing approximately 9.33% of the issued share capital of the Company as at the date of this report. In addition, no options shall be granted to any eligible person which, if exercised, would result in such eligible participant becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of offer, exceeds 1% of the shares in issue at such date.

An option granted under the 2012 Scheme shall be subject to such terms and conditions (if any) as may be determined by the Board at the date of offer and specified in the offer. Such terms and conditions may include a minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised.

Details of the movements of share options under the 2002 Scheme during the Year were as follows:

Grantee	Date of grant	Exercise price (HK$)	Exercise period *(Note 2)*	Outstanding at 31/3/19	Grated during the Year	Expired/ lapsed during the Year	Outstanding at 31/3/20
Directors							
Mr. Wong	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	(26,000,000)	–
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	–	26,000,000
Ms. Michelle Wong	1/2/2011	0.410	1/2/2014 – 31/1/2021	13,000,000	–	–	13,000,000
Mr. Ma	1/2/2011	0.410	1/2/2014 – 31/1/2021	1,500,000	–	–	1,500,000
Mr. Cheng	1/2/2011	0.410	1/2/2014 – 31/1/2021	2,600,000	–	–	2,600,000
Mr. Ding Chung Keung, Vincent (also the chief executive officer) *(note 3)*	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	(26,000,000)	–
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	(26,000,000)	–
Eligible employees (in aggregate)	1/2/2011	0.410	1/2/2014 – 31/1/2021	7,600,000	–	(4,500,000)	3,100,000
				128,700,000	–	(82,500,000)	46,200,000

SHARE OPTION SCHEMES (continued)

Details of the movements of share options under the 2012 Scheme during the Year were as follows:

Grantee	Date of grant	Exercise price (HK$)	Exercise period (*Note 2*)	Outstanding at 31/3/19	Grated during the Year	Lapsed during the Year	Outstanding at 31/3/20
Directors							
Mr. Wong	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	–	26,000,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	25,000,000	–	–	25,000,000
Ms. Michelle Wong	8/12/2016	0.272	8/12/2018 – 7/12/2026	10,000,000	–	–	10,000,000
	18/4/2019	0.230	18/4/2022 – 17/4/2029	–	26,000,000	–	26,000,000
Mr. Ding Chung Keung, Vincent (also the chief executive officer) *(note 3)*	14/10/2014	0.360	14/10/2016 – 13/10/2024	26,000,000	–	(26,000,000)	–
	8/12/2016	0.272	8/12/2018 – 7/12/2026	25,000,000	–	(25,000,000)	–
Mr. Ng Chi Keung MH *(note 4)*	28/6/2013	0.295	28/6/2015 – 27/6/2023	2,600,000	–	(2,600,000)	–
Eligible employees (in aggregate)	28/6/2013	0.295	28/6/2015 – 27/6/2023	11,300,000	–	(6,000,000)	5,300,000
	14/10/2014	0.360	14/10/2016 – 13/10/2024	35,500,000	–	(7,000,000)	28,500,000
	8/12/2016	0.272	8/12/2018 – 7/12/2026	13,100,000	–	(8,000,000)	5,100,000
	18/4/2019	0.230	18/4/2022 – 17/4/2029	–	26,000,000	–	26,000,000
				174,500,000	52,000,000	(74,600,000)	151,900,000

Notes:

1. During the Year, no share options were granted, exercised or cancelled under the 2002 Scheme and the 2012 Scheme;

2. The vesting period of the share options is from the date of grant until the commencement of the exercise period;

3. Mr. Ding Chung Keung, Vincent resigned as a Director and the chief executive officer of the Company with effect from 1 May 2019; and

4. Mr. Ng Chi Keung MH resigned as a Director with effect from 20 June 2019.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "SHARE OPTION SCHEMES" above, at no time during the Year or at the end of the Year was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors and directors of the Company's subsidiaries or their respective associates had any interests in any businesses, apart from the Group's business, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association (the "Articles") or the laws of the Hong Kong, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the Year, other than service contracts with the Directors and other person engaged in the full-time employment of the Company.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the Year, save for the share options which were outstanding under the 2002 Scheme and the 2012 Scheme disclosed in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, there is sufficient public float of more than 25% of the Shares in the market as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with CG Code as set out in Appendix 14 to the Listing Rules during the Year.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in this annual report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has dedicated its effort to review and monitor the Group's ESG policy and practices to ensure compliance with the relevant legal and regulatory requirements as described in Appendix 27 to the Listing Rules. During the year ended 31 March 2020, there was no material non-compliance with laws and regulations related to the environmental and social aspects. The Group has identified key material aspects with stakeholders and will continue to keep close communication with stakeholders for advancing its ESG management. Details of the Group's ESG performance in the Year is contained in this annual report.

AUDIT COMMITTEE

The audited consolidated financial statements for the year ended 31 March 2020 have been reviewed by the Audit Committee. Information on the work of the Audit Committee and its composition are set out in the Corporate Governance Report of this annual report.

AUDITOR

Messrs. Deloitte Touche Tohmatsu has resigned as auditor of the Company with effect from 23 January 2020. ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") has been appointed as the auditors of the Company with effect from 23 January 2020 to fill the causal vacancy following the resignation of Messrs. Deloitte Touche Tohmatsu. The financial statements for the Year have been audited by ZHONGHUI ANDA who retire and being eligible, offer themselves for reappointment at the forthcoming annual general meeting. Details of the change of auditor are set out in the announcement of the Company dated 23 January 2020.

FORWARD-LOOKING STATEMENTS

This annual report contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board of Directors of the Company regarding the industry and markets in which it operates. These forward looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

On behalf of the Board

Wong Yu Lung, Charles
Chairman

Hong Kong
19 October 2020

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF GOLDBOND GROUP HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the consolidated financial statements of Goldbond Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 71 to 136, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

1. **Interests in associates**

   Share of loss of an associate of approximately HK$38,291,000 was recognised for the year ended 31 March 2019. As mentioned in our auditor's report of the Group's consolidated financial statements for the year ended 31 March 2019, we have been unable to obtain sufficient appropriate audit evidence to ascertain the carrying amount of this account as at 31 March 2018, and thus there is a consequential effect on the share of loss of this associate recorded for the year ended 31 March 2019.

2. **Revenue**

   Included in the revenue for the year ended 31 March 2019 is income from financing service of approximately HK$1,152,000. We have been unable to obtain sufficient appropriate audit evidence to ascertain the nature of transactions. There were no other satisfactory audit procedures that we could perform to satisfy ourselves whether the aforesaid amount were properly recorded for the year ended 31 March 2019.

Any adjustments to the figures as described from points 1 to 2 above might have a consequential effect on the Group's financial performance and cash flows for the year ended 31 March 2019 and the related disclosures thereof in the consolidated financial statements.

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

KEY AUDIT MATTERS

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

INTERESTS IN ASSOCIATES

Refer to Note 18 to the consolidated financial statements

The Group tested the amount of interest in an associate for impairment. This impairment test is significant to our audit because the balance of interest in China Rongzhong Financial Holdings Company Limited ("China Rongzhong") of HK$30,742,000 as at 31 March 2020 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgment and is based on assumptions and estimates.

Our audit procedures included, among others:

– Evaluating the Group's impairment assessment;

– Assessing the financial information of China Rongzhong;

– Obtaining and checking to evidence to support the Group's impairment assessment; and

– Testing the arithmetic accuracy of the recoverable amount calculations.

We consider that the Group's impairment test for interests in associates is supported by the available evidence.

ADVANCES PROVIDED TO CUSTOMERS

Refer to Note 21 to the consolidated financial statements

The Group tested the amount of advances provided to customers for impairment. This impairment test is significant to our audit because the balance of advances provided to customers of HK$13,396,000 as at 31 March 2020 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

– Assessing the Group's procedures on granting credit limits and credit periods to customers;

– Assessing the Group's relationship and transaction history with the customers;

– Evaluating the Group's impairment assessment;

– Assessing ageing of the debts;

– Assessing creditworthiness of the customers;

– Assessing the value of the collateral for the debts;

– Checking subsequent settlements from the customers; and

– Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for advance provided to customers is supported by the available evidence.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/ This description forms part of our auditor's report.

REPORT ON OTHER MATTERS UNDER SECTION 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the interest in an associate and nature of transactions on generating revenue, we have not obtained all the information and explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Audit Engagement Director
Practising Certificate Number P06353
Hong Kong, 19 October 2020

	Notes	2020 HK$'000	2019 HK$'000
REVENUE	7	**57**	3,355
Interest revenue – financing and factoring services	7	**93**	9,979
Interest revenue – bank interest income	8	**4,975**	12,923
Other income	8	**3,822**	8,324
Staff costs		**(12,060)**	(16,126)
Other operating expenses		**(16,750)**	(15,283)
Impairment loss on accounts receivable	20	**–**	(64,103)
Impairment losses on advances provided to customers, net	21	**(6,753)**	(133,286)
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(1,564)**	3,212
Finance costs	9	**(1,511)**	(957)
Share of loss of associates		**(22,694)**	(38,082)
LOSS BEFORE TAXATION		**(52,385)**	(230,044)
Taxation	13	**(52)**	(3,180)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	10	**(52,437)**	(233,224)
Other comprehensive (expense)/income after tax			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation to presentation currency attributable to:			
The Group		**(17,288)**	(36,660)
Items that may be reclassified to profit or loss:			
Exchange differences on translation to presentation currency attributable to:			
The Group		**8,614**	9,172
An associate		**(2,443)**	(6,553)
Other comprehensive expense for the year		**(11,117)**	(34,041)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(63,554)**	(267,265)
LOSS PER SHARE			
– Basic and diluted (HK cents)	15	**(1.90)**	(8.44)

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Equipment	16	**585**	452
Right-of-use assets	17	**9,753**	–
Interests in associates	18	**52,132**	72,177
Club debentures	19	**37,100**	40,463
		99,570	113,092
Current assets			
Accounts receivable	20	**1,167**	1,919
Advances provided to customers	21	**13,396**	17,327
Loan to an associate	18	**1,470**	1,470
Prepayments, deposits and other receivables		**1,650**	1,205
Structured deposits	22	**–**	86,065
Short term bank deposits	23		
– with original maturity within three months		**146,855**	163,756
– with original maturity more than three months		**102**	11,809
Bank balances and cash	23	**16,282**	19,680
		180,922	303,231
Current liabilities			
Bills and other payables	24	**24,826**	108,422
Security deposits		**1,233**	–
Lease liabilities	25	**4,886**	–
Taxation		**2,367**	2,642
		33,312	111,064
Net current assets		**147,610**	192,167
Total assets less current liabilities		**247,180**	305,259

	Notes	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Security deposits		**–**	1,221
Lease liabilities	25	**5,014**	–
Redeemable convertible preference shares	27	**8,439**	7,339
		13,453	8,560
NET ASSETS		**233,727**	296,699
Capital and reserves			
Share capital	26	**829,209**	829,209
Reserves	29	**(595,482)**	(532,510)
Total equity		**233,727**	296,699

The consolidated financial statements on pages 71 to 136 were approved and authorised for issue by the board of directors on 19 October 2020 and are signed on its behalf by:

Approved by:

Wong Yu Lung, Charles
Director

Wong, Michelle Yatyee
Director

	Attributable to owners of the Company						
	Share capital HK$'000	Employee share-based compensation reserve* HK$'000	General reserve* HK$'000	Statutory surplus reserve* HK$'000	Translation reserve* HK$'000	Accumulated losses* HK$'000	Total HK$'000
At 1 April 2018	829,209	38,374	6,000	3,108	(8,043)	(306,828)	561,820
Loss for the year	–	–	–	–	–	(233,224)	(233,224)
Exchange differences on translation to presentation currency attributable to:							
The Group	–	–	–	–	(27,488)	–	(27,488)
An associate	–	–	–	–	(6,553)	–	(6,553)
Total comprehensive expense for the year	–	–	–	–	(34,041)	(233,224)	(267,265)
Expiry of share options	–	(1,511)	–	–	–	1,511	–
Lapse of share options	–	(773)	–	–	–	773	–
Recognition of equity-settled share-based payment expenses	–	2,144	–	–	–	–	2,144
Transferred to statutory surplus reserve	–	–	–	1,137	–	(1,137)	–
Sub-total	–	(140)	–	1,137	–	1,147	2,144
At 31 March 2019	829,209	38,234	6,000	4,245	(42,084)	(538,905)	296,699
At 1 April 2019	829,209	38,234	6,000	4,245	(42,084)	(538,905)	296,699
Loss for the year	–	–	–	–	–	(52,437)	(52,437)
Exchange differences on translation to presentation currency attributable to:							
The Group	–	–	–	–	(8,674)	–	(8,674)
An associate	–	–	–	–	(2,443)	–	(2,443)
Total comprehensive expense for the year	–	–	–	–	(11,117)	(52,437)	(63,554)
Expiry of share options	–	(5,080)	–	–	–	5,080	–
Lapse of share options	–	(16,620)	–	–	–	16,620	–
Recognition of equity-settled share-based payment expenses	–	582	–	–	–	–	582
Sub-total	–	(21,118)	–	–	–	21,700	582
At 31 March 2020	829,209	17,116	6,000	4,245	(53,201)	(569,642)	233,727

Note: Pursuant to the articles of association of the group companies established in the People's Republic of China (the "PRC"), the group companies are required to appropriate 10% or an amount to be determined by the directors of their respective profit after taxation in accordance with the relevant accounting rules and financial regulations of the PRC before any distribution of dividends to owners each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital.

* These reserve accounts comprise the consolidated reserves in the consolidated statement of financial position.

	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	**(52,385)**	(230,044)
Adjustments for:		
Depreciation of equipment	**198**	412
Depreciation of right-of-use assets	**4,520**	–
Equity-settled share-based payment expenses	**582**	2,144
Finance costs	**1,511**	957
Interest income from financing and factoring services	**(93)**	(9,979)
Interest income from bank deposits and structured deposits	**(4,975)**	(12,923)
Impairment loss on accounts receivable	**–**	64,103
Impairment losses on advances provided to customers	**6,753**	133,286
Fair value loss/(gain) on financial assets at fair value through profit or loss	**1,564**	(3,212)
Share of loss of associates	**22,694**	38,082
Loss on written-off of equipment	**6**	–
Gain on disposal of equipment	**(223)**	(242)
Effect of foreign exchange rate changes	**(3,583)**	(8,080)
Operating cash flows before movements in working capital	**(23,431)**	(25,496)
Decrease/(increase) in accounts receivable	**611**	(16,364)
(Increase)/decrease in advances provided to customers	**(2,822)**	1,602
(Increase)/decrease in prepayments, deposits and other receivables	**(456)**	2,258
Decrease in bills and other payables	**(83,549)**	(65,264)
Increase in security deposits	**66**	1,221
Cash used in operations	**(109,581)**	(102,043)
Interest received from financing and factoring services	**93**	8,044
Enterprise income tax paid in the PRC	**(225)**	(4,116)
Net cash used in operating activities	**(109,713)**	(98,115)
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of structured deposits	**–**	(339,648)
Withdrawal of structured deposits	**84,767**	341,577
Placement of short term bank deposits with original maturity more than three months	**(231)**	(12,804)
Withdrawal of short term bank deposits with original maturity more than three months	**11,938**	71,997
Interest received from bank deposits and structured deposits	**6,273**	11,625
Sales proceeds from disposal of equipment	**223**	302
Capital injection to an associate	**(5,092)**	(12,604)
Purchase of equipment	**(474)**	(12)
Net cash generated from investing activities	**97,404**	60,433

	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payment	**(4,784)**	–
Net cash used in financing activities	**(4,784)**	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(17,093)**	(37,682)
Cash and cash equivalents at beginning of year	**183,436**	224,534
Effect on foreign exchange rate changes	**(3,206)**	(3,416)
Cash and cash equivalents at end of year	**163,137**	183,436
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**16,282**	19,680
Short term bank deposits with original maturity within three months	**146,855**	163,756
	163,137	183,436

1. CORPORATE INFORMATION

Goldbond Group Holdings Limited (the "Company") is a public limited company incorporated in Hong Kong with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading since 28 June 2019. The addresses of the registered office and principal place of business of the Company are Unit 3901, 39/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") is the provision of financial services business including financing services and factoring services in Hong Kong and the PRC and held interests in associates.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") while the functional currency of the Company is Renminbi ("RMB") and all values are rounded to the nearest thousand ("HK$'000"), unless otherwise stated. The reason for selecting Hong Kong dollar as the presentation currency is because the Company is a public company with its shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which also include Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong, the applicable disclosure required by the Hong Kong Company Ordinance and the applicable disclosure provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates 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.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in Note 5 to the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2019. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years, except as stated below.

HKFRS 16

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as 'operating leases' under HKAS 17 "Leases", resulted in changes in the consolidated amounts reported in the consolidated financial statement as follows:

	HK$'000
Increase in right-of-use assets	213
Increase in lease liabilities	(213)

The reconciliation of operating lease commitment to lease liabilities as at 1 April 2019 is set out below:

	HK$'000
Operating lease commitment at 31 March 2019:	874
Less:	
Commitment relating to leases with a remaining lease term ending on or before 31 March 2020	(637)
Discounting of 4.17%	(24)
Lease liabilities as at 1 April 2019	213

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention. They are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of these consolidated financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires the directors ("Directors") to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 5.

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

Consolidation

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

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

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

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

Profit or loss and each component 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.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Interest in joint venture

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest in joint venture (continued)

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements, its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly, in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These consolidated financial statements are presented in Hong Kong dollars, which is the Company's presentation currency. The functional currency of the Company is RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their statement of comprehensive incomes are translated into Hong Kong dollars at the weighted average exchange rates for the year. Exchange differences arising are recognised in the exchange reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an 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 the reporting period. Exchange differences arising are recognised in the exchange reserve.

Equipment

An equipment is stated at cost less accumulated depreciation and any impairment losses. The cost of an item of equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Gain or losses arising from the retirement or disposal of an item of equipment are determined as the difference between the net disposal proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful life at the following rates per annum:

Furniture, fixtures and other fixed assets	20% to $33^1/_3$%

Where parts of an item of equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and buildings	1 to 3 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

Recognition and derecognition of financial instruments

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

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Financial assets of the Group are classified under the following categories:

– Financial assets at amortised cost;

– Investments at fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

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

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(ii) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss allowances for expected credit losses (continued)

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

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

Trade and other payables

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

Equity instruments

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

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

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

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

Other income

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

Employee leave entitlements

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

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

Pension obligations

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

Termination benefits

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment

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

Borrowing costs

Borrowing costs are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

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

Income tax

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, 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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

(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 the Group's parent.

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

(i) The entity and the entities comprising 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) The entity and the Group are joint ventures of the same third party.

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

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

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

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

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

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

A transaction is considered to be a related party transaction when there is a transfer of resources and obligations between related parties.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except investment properties, inventories and receivables 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 any impairment loss. Where 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.

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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash- generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 chief operating decision maker ("CODM") for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical location.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained earnings within the equity section of the consolidated statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Events after the reporting period

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

Redeemable convertible preference shares containing liability and equity components

Redeemable convertible preference shares issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the redeemable convertible preference shares and the fair value assigned to the liability component, representing the conversion option for the holder to convert the notes into equity, is included in equity.

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Critical judgements in applying accounting policies

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

Key sources of estimation uncertainty

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Key sources of estimation uncertainty (continued)

(a) Impairment of interests in associates

Interests in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Value-in-use calculations are used for assessing the recoverable amount of these interests. These calculations require use of judgments and estimates.

Management judgment is required for assessing impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related carrying value of interests may not be recoverable; and (ii) whether the carrying value of the interests can be supported by the recoverable amount. Changing the estimations used by management in assessing impairment could materially affect the recoverable amount used in the impairment test and as a result affect the Group's consolidated financial position and consolidated results of operations. At the end of the reporting period, the carrying value of interests in associates were approximately HK$52,132,000 (2019: HK$72,177,000).

(b) Impairment on financial assets

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

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

(c) Income taxes

As at 31 March 2020, no deferred tax asset (2019: nil) in relation to estimated unused tax losses of HK$218,570,000 (2019: HK$217,304,000) was recognised in the Group's consolidated statement of financial position because of the unpredictability of future profit streams as disclosed in Note 28. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future.

6. OPERATING SEGMENT INFORMATION

The Group's operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker ("CODM"), in order to allocate resources to the segments and to assess performance, are summarised as follows:

(a) financial services business – factoring service segment: provision of factoring services; and

(b) financial services business – financing service segment: provision of financing services.

The segment information is reported below.

Segment revenue and results

An analysis of the Group's revenue and results by reportable and operating segments is as follows:

	For the year ended 31 March 2020		
	Financial services business – factoring service HK$'000	**Financial services business – financing service HK$'000**	**Total HK$'000**
Revenue from other sources	–	57	57
Interest revenue – financing and factoring services	54	39	93
Segment revenue	54	96	150
Segment results before impairment losses	(2,283)	(1,091)	(3,374)
Impairment losses on advances provided to customers	–	(6,753)	(6,753)
Segment results	(2,283)	(7,844)	(10,127)
Unallocated interest revenue and other income			4,992
Net exchange gain			3,583
Central administration costs			(25,064)
Fair value loss on financial assets at fair value through profit or loss			(1,564)
Finance costs			(1,511)
Share of loss of associates			(22,694)
Loss before taxation			(52,385)

6. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

	For the year ended 31 March 2019		
	Financial services business – factoring service HK$'000	Financial services business – financing service HK$'000	Total HK$'000
Revenue from contracts with customers:			
Recognised at a point in time	2,203	–	2,203
	2,203	–	2,203
Revenue from other sources	–	1,152	1,152
Interest revenue – financing and factoring services	9,979	–	9,979
Segment revenue	12,182	1,152	13,334
Segment results before impairment losses	7,798	(1,384)	6,414
Impairment loss on accounts receivable	–	(64,103)	(64,103)
(Impairment losses)/reversal of impairment losses on advances provided to customers	(151,163)	17,877	(133,286)
Segment results	(143,365)	(47,610)	(190,975)
Unallocated interest revenue and other income			12,925
Net exchange gain			8,080
Fair value gain on financial assets at fair value through profit or loss			3,212
Central administration costs			(24,247)
Finance costs			(957)
Share of loss of associates			(38,082)
Loss before taxation			(230,044)

Segment results represent the profit/(loss) earned by each segment, without allocation of fair value (loss)/gain on financial assets at fair value through profit or loss, central administration costs, interest revenue and other income (primarily certain interest income from bank deposits), net exchange gain, finance costs and share of loss of associates. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

6. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable segments is as follows:

	For the year ended 31 March 2020		
	Financial services business – factoring service HK$'000	Financial services business – financing service HK$'000	Total HK$'000
Assets			
Segment assets	668	2,292	2,960
Interests in associates			52,132
Loan to an associate			1,470
Unallocated assets			223,930
Total assets			280,492
Liabilities			
Segment liabilities	687	1,826	2,513
Unallocated liabilities			44,252
Total liabilities			46,765

6. OPERATING SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

	For the year ended 31 March 2019		
	Financial services business – factoring service HK$'000	Financial services business – financing service HK$'000	Total HK$'000
Assets			
Segment assets	529	88,421	88,950
Interests in associates			72,177
Loan to an associate			1,470
Unallocated assets			253,726
Total assets			416,323
Liabilities			
Segment liabilities	282	85,808	86,090
Unallocated liabilities			33,534
Total liabilities			119,624

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than interests in associates, loan to an associate, part of short term bank deposits, bank balances and cash, and certain corporate assets for central administrative uses. All liabilities are allocated to reportable segments other than taxation, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

6. OPERATING SEGMENT INFORMATION (continued)

Other segment information

An analysis of the Group's other amounts included in the measure of segment profit or loss or segment assets by reportable segments is as follows:

	For the year ended 31 March 2020			
	Financial services business – factoring service HK$'000	Financial services business – financing service HK$'000	Unallocated HK$'000	Total HK$'000
Expenditure for reportable segment non-current assets	–	452	22	474
Depreciation of equipment	75	1	122	198
Depreciation on right-of-use assets	323	128	4,069	4,520

	For the year ended 31 March 2019			
	Financial services business – factoring service HK$'000	Financial services business – financing service HK$'000	Unallocated HK$'000	Total HK$'000
Expenditure for reportable segment non-current assets	–	–	12	12
Depreciation of equipment	79	12	321	412

Geographical information

Revenue reported above represents income generated from external customers located in the PRC of HK$111,000 (2019: HK$13,334,000), income generated from external customers located outside the PRC of HK$39,000 (2019: HK$nil).

As at 31 March 2020, non-current assets other than financial instruments and interests in associates of HK$1,056,000 (2019: HK$197,000) and HK$9,282,000 (2019: HK$255,000) were located in the PRC and Hong Kong, respectively.

6. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

	2020 HK$'000	2019 HK$'000
Customer A in the financing and factoring service segment	**111**	–
Customer B in the financing service segment	**39**	–
Customer C in the factoring service segment	**–**	8,887
Customer D in the factoring service segment	**–**	2,617

7. REVENUE

The Group's revenue represents the net invoiced value of services rendered. An analysis of the Group's revenue is as follows:

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers		
Factoring service income	**–**	2,203
Revenue from other sources		
Income from financing service	**57**	1,152
	57	3,355
Interest revenue – financing and factoring services		
Interest income from financing service	**39**	–
Interest income from factoring service	**54**	9,979
	93	9,979

Services to customers are normally made with credit terms of 60 days.

7. REVENUE (continued)

Disaggregation of revenue from contracts with customers:

Segments	Factoring service income HK$'000	2019 Total HK$'000
For the year ended 31 March 2019		
Geographical markets		
The PRC	2,203	2,203
Timing of revenue recognition		
At a point in time	2,203	2,203

8. OTHER INCOME

	2020 HK$'000	2019 HK$'000
Interest revenue – bank interest income		
Bank interest income	**4,975**	12,923
Other income		
Gain on disposal of equipment	**223**	242
Exchange gain, net	**3,583**	8,080
Sundry income	**16**	2
	3,822	8,324
	8,797	21,247

9. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Imputed interest on redeemable convertible preference shares	**1,100**	957
Lease interests	**411**	–
	1,511	957

10. LOSS FOR THE YEAR

	2020 HK$'000	2019 HK$'000
The Group's loss for the year is stated after charging/(crediting) the following:		
Salaries, allowances and other benefits	**11,005**	13,422
Retirement benefit scheme contributions	**473**	560
Equity-settled share-based payment expenses	**582**	2,144
Total staff costs (including directors' remuneration)	**12,060**	16,126
Auditor's remuneration		
– Audit service		
Former auditor	**N/A**	1,290
Current auditor	**780**	1,250
– Non-audit services	**208**	319
Depreciation of equipment	**198**	412
Depreciation on right-of-use assets	**4,520**	–
Loss on written off of equipment	**6**	–
Gain on disposal of equipment	**(223)**	(242)
Net exchange gain	**(3,583)**	(8,080)
Expenses relating to short-term leases and leases of low-value assets	**638**	–
Operating lease rentals in respect of properties	**–**	5,990
Impairment loss on accounts receivable	**–**	64,103
Impairment loss on advances provided to customers	**6,753**	133,286
Fair value loss/(gain) on financial assets at fair value through profit or loss	**1,564**	(3,212)

11. DIRECTORS' REMUNERATION

Directors' remuneration for executive directors comprises payments by the Group to directors of the Company in connection with the management of the affairs of the Company and its subsidiaries. Directors' remuneration for independent non-executive directors comprises payments by the Group to directors of the Company for their services as directors of the Company and its subsidiaries.

	For the year ended 31 March 2020					
	Directors' fees HK$'000	Salaries, allowances and benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
Executive directors						
Mr. Wong Yu Lung, Charles	–	1,656	–	–	–	1,656
Mr. Ding Chung Keung, Vincent (resigned on 1 May 2019)	–	78	–	–	–	78
Ms. Wong, Michelle Yatyee	–	1,200	18	–	291	1,509
	–	2,934	18	–	291	3,243
Independent non-executive directors						
Mr. Cheng Yuk Wo	240	–	–	–	–	240
Mr. Ma Ho Fai GBS JP	240	–	–	–	–	240
Mr. Yeh Shing Hang (appointed on 16 September 2019)	130	–	–	–	–	130
Mr. Ng Chi Keung MH (resigned on 20 June 2019)	53	–	–	–	–	53
	663	–	–	–	–	663
Total	663	2,934	18	–	291	3,906

11. DIRECTORS' REMUNERATION (continued)

	For the year ended 31 March 2019					
	Directors' fees HK$'000	Salaries, allowances and benefits HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
Executive directors						
Mr. Wang Jun (retired on 27 September 2018)	–	708	–	–	–	708
Mr. Wong Yu Lung, Charles	–	1,656	–	138	754	2,548
Mr. Ding Chung Keung, Vincent (resigned on 1 May 2019)	–	1,420	17	130	754	2,321
Ms. Wong, Michelle Yatyee	–	1,200	18	100	302	1,620
	–	4,984	35	368	1,810	7,197
Independent non-executive directors						
Mr. Cheng Yuk Wo	240	–	–	–	–	240
Mr. Ma Ho Fai GBS JP	240	–	–	–	–	240
Mr. Ng Chi Keung MH (resigned on 20 June 2019)	240	–	–	–	–	240
	720	–	–	–	–	720
Total	720	4,984	35	368	1,810	7,917

Notes:

(a) Mr. Yeh Shing Hang Kevin Arthur has been appointed as an independent non-executive Director of the Company with effect from 16 September 2019.

(b) The discretionary bonus is determined with reference to the operating results and the individual's performance in each year.

(c) No emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor there were any such amounts payable (2019: nil). No consideration was provided to or receivable by third parties for making available director's services (2019: nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled body corporate and connected entities (2019: nil).

11. DIRECTORS' REMUNERATION (continued)

Save as disclosed in Note 38, no director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Group's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2019: nil).

There was no arrangement under which a director or the chief executive officer of the Company waived or agreed to waive any remuneration during the year.

During the year, shares options were granted to certain directors of the Company, in respect of their services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 34.

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

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals in the Group during the year included 2 (2019: 3) directors, details of whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 3 (2019: 2) highest paid individual are set out below:

	2020 **HK$'000**	2019 HK$'000
Salaries, allowances and other benefits	**3,141**	1,654
Retirement benefit scheme contributions	**42**	36
Equity-settled share-based payment expenses	**291**	37
Discretionary bonus	**–**	138
	3,474	1,865

The number of the non-director highest paid employees whose remuneration fell within the following band is as follows:

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

During the years ended 31 March 2020 and 2019, no emoluments was paid or payable to the five highest paid individuals (including Directors and other employees) as an inducement to join the Group or as a compensation for loss of office. No five highest paid individuals waived or agreed to waive any remuneration during the year (2019: Nil).

13. TAXATION

	2020 HK$'000	2019 HK$'000
The charge comprises:		
Current tax		
Enterprise Income Tax in the PRC		
– Provision for the current year	**240**	3,173
– (Over)/under-provision in prior year	**(188)**	7
	52	3,180

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group's operation in Hong Kong had no assessable income during both years.

Pursuant to the approval of the tax bureau, in accordance with the Enterprise Income Tax Law of the PRC ("EIT Law"), all subsidiaries in the PRC are subject to the tax rate of 25% during both years.

The reconciliation between income tax expense and loss before tax is as follows:

	2020 HK$'000	2019 HK$'000
Loss before taxation	**(52,385)**	(230,044)
Tax at the domestic income tax rate in the PRC of 25% (2019: 25%)	**(13,096)**	(57,511)
Tax effect of share of loss of associates	**5,673**	9,520
Tax effect of income not taxable for tax purposes	**(994)**	(7,783)
Tax effect of expenses not deductible for tax purposes	**7,054**	56,727
Tax effect of tax losses not recognised	**1,641**	2,186
(Over)/under-provision in prior year	**(188)**	7
Others	**(38)**	34
Income tax expense	**52**	3,180

14. DIVIDEND

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

15. LOSS PER SHARE

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

	2020	2019
	HK$'000	HK$'000
Loss		
Loss for the purposes of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(52,437)**	(233,224)
Number of shares (thousand):		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,761,913**	2,761,913

Note: The computation of diluted loss per share for the years ended 31 March 2020 and 2019 does not assume the exercise of the Company's outstanding share options because the exercise price of those share options was higher than the average market price of shares for both years.

16. EQUIPMENT

	Furniture, fixtures and other fixed assets	
	2020	2019
	HK$'000	HK$'000
Cost		
At the beginning of the year	**8,289**	9,379
Additions	**474**	12
Disposals	**(1,098)**	(705)
Written off	**(105)**	–
Exchange realignment	**(473)**	(397)
At the end of the year	**7,087**	8,289
Accumulated depreciation and impairment		
At the beginning of the year	**7,837**	8,431
Charge for the year	**198**	412
Disposals	**(1,098)**	(645)
Written off	**(99)**	–
Exchange realignment	**(336)**	(361)
At the end of the year	**6,502**	7,837
Carrying amount		
At the end of the year	**585**	452

The above items of equipment are depreciated on a straight line basis at the rates of 20% to $33^1/_3$% per annum.

17. LEASES AND RIGHT-OF-USE ASSETS

	2020 HK$'000
Disclosures of lease-related items:	
Right-of-use assets	
– Land and buildings	**9,753**
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:	
– Within 1 year	**5,199**
– Between 2 and 5 years	**5,134**
	10,333
Depreciation charge of right-of-use assets	
– Land and buildings	**4,520**
Lease interests	**411**
Additions of right-of-use assets	**14,060**
Expenses related to short-term leases	**635**
Expenses related to leases of low-value assets that are not short-term leases	**3**
Total cash outflow for leases	**4,784**

Lease agreements are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

18. INVESTMENT IN ASSOCIATES/LOAN TO AN ASSOCIATE

	2020 HK$'000	2019 HK$'000
Cost of investments in associates		
– Listed in Hong Kong	**314,952**	316,109
– Unlisted	**23,030**	17,939
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	**(285,850)**	(261,871)
	52,132	72,177
Loan to an associate	**1,470**	1,470

Particulars of the associates as at 31 March 2020 and 2019 are as follows:

Name	Place of incorporation and operation	Particulars of issued and paid up capital 2020	Particulars of issued and paid up capital 2019	Effective ownership interest indirectly held by the Group	Proportion of voting power held	Principal activity
China Rongzhong Financial Holdings Company Limited ("China Rongzhong")	Cayman Islands/ the PRC	**HK$4,125,090**	HK$4,125,090	34.86%	34.86%	Provision for financing leasing services
Allied Golden Capital Fund I (Cayman) Company Limited	Cayman Islands/ Hong Kong	**US$13,582,000**	US$10,572,000	19.90%	19.90%	Investment holding
Goldbond Capital Investments Limited	Cayman Islands/ Hong Kong	**US$400,000**	US$400,000	49%	49%	Provision for fund management service

Note: Based on the legal form and terms of the contractual arrangements, the interest in China Rongzhong, Allied Golden Capital Fund I (Cayman) Company Limited and Goldbond Capital Investments Limited are classified as associates as the Group has significant influence over these associates.

As at 31 March 2020, market value of the Group's listed investments in China Rongzhong based on quoted market price was approximately HK$38,828,000 (2019: HK$64,713,000).

18. INVESTMENT IN ASSOCIATES/LOAN TO AN ASSOCIATE (continued)

Summarised financial information of the material associates

The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

These associates are accounted for using the equity method in the consolidated financial statements.

China Rongzhong

	2020 HK$'000	2019 HK$'000
Current assets	**791,100**	765,660
Non-current assets	**123,984**	278,055
Current liabilities	**(392,901)**	(456,455)
Non-current liabilities	**(506,901)**	(502,636)
	15,282	84,624

The above amounts of assets and liabilities include the following:

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	**21,587**	43,188
Current financial liabilities (excluding payables and provisions)	**(315,078)**	(375,219)
Non-current financial liabilities	**(506,901)**	(502,627)
Revenue	**27,484**	70,784
Loss for the year	**(65,726)**	(91,410)
Other comprehensive expense for the year	**(3,696)**	(14,086)
Total comprehensive expense for the year	**(69,422)**	(105,496)

18. INVESTMENT IN ASSOCIATES/LOAN TO AN ASSOCIATE (continued)

Summarised financial information of the material associates (continued)

China Rongzhong (continued)

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

	2020 **HK$'000**	2019 HK$'000
Net assets of China Rongzhong	**15,282**	84,624
Proportion of the Group's ownership interest in China Rongzhong	**34.86%**	34.86%
Goodwill	**25,414**	26,596
Carrying amount of the Group's interest in China Rongzhong	**30,742**	56,097

During the year, the share of loss of associates and other comprehensive expenses of associates by the Group was HK$22,694,000 (2019: HK$31,657,000) and HK$1,288,000 (2019: HK$4,911,000), respectively. Of the share of loss of associates of HK$22,694,000 (2019: HK$31,657,000), HK$22,913,000 (2019: HK$31,866,000) represented the share of loss of China Rongzhong which suffered from a high level of impairment allowances on its finance lease receivables and significant loss for both years.

The management of the Group carried out impairment review on the carrying amount of the investment in China Rongzhong as at 31 March 2019 and 2020 by comparing the recoverable amount with the carrying amount of the investment in China Rongzhong. Fair value less costs of disposal, measured using the quoted price for China Rongzhong listed shares on Hong Kong Exchanges and Clearing Limited as at 29 March 2019 and 31 March 2020, was approximately HK$64,713,000 and HK$38,828,000, respectively. As at 31 March 2020, the recoverable amount of China Rongzhong is higher than its carrying amount. No impairment had been recognised.

Aggregate financial information of the associates that are not individually material

	2020 **HK$'000**	2019 HK$'000
The Group's share of profit	**219**	209
The Group's share of total comprehensive income	**219**	209
Aggregate carrying amount of the Group's interests in these associates	**21,390**	16,080

As at 31 March 2020, the loan to an associate of HK$1,470,000 (2019: HK$1,470,000) was unsecured, non-interest bearing and repayable within one year.

19. CLUB DEBENTURES

	Club debentures HK$'000	Total HK$'000
As at 31 March 2018 and 1 April 2018	39,550	39,550
Fair value gain on financial assets at fair value through profit or loss	3,212	3,212
Exchange realignment	(2,299)	(2,299)
As at 31 March 2019 and 1 April 2019	40,463	40,463
Fair value loss on financial assets at fair value through profit or loss	(1,564)	(1,564)
Exchange realignment	(1,799)	(1,799)
As at 31 March 2020	37,100	37,100

The above club debentures have indefinite useful lives. The directors of the Company are of the opinion that the club debentures are worth at least their carrying amounts by reference to recent market prices for similar debentures.

20. ACCOUNTS RECEIVABLE

	2020 HK$'000	2019 HK$'000
Accounts receivable	**62,421**	66,022
Less: Impairment loss recognised on accounts receivable	**(61,254)**	(64,103)
	1,167	1,919

The Group normally allows credit period for trade customers of 60 days (2019: 60 days). The accounts receivable presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period was aged over 60 days. At the end of the reporting period, the accounts receivable were all past due.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limit. Credit sales are made to customers with appropriate credit history. Credit limits attributed to customers are reviewed regularly.

20. ACCOUNTS RECEIVABLE (continued)

The aging analysis of accounts receivables at the end of the reporting period, based on the date the Group is entitled to receive, and net of allowance, is as follows:

	2020 HK$'000	2019 HK$'000
More than 60 days	–	1,919
More than 1 year	1,167	–
	1,167	1,919

Reconciliation of impairment loss for trade receivables:

	2020 HK$'000	2019 HK$'000
Balance at the beginning of the year	64,103	–
Impairment loss recognised	–	64,103
Exchange realignment	(2,849)	–
Balance at the end of the year	61,254	64,103

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The weighted average expected credit losses also incorporate forward looking information.

	past due			
	31-60 days past due	61-120 days past due	Overdue 120 days past due	Total
At 31 March 2020				
Weighted average expected loss rate	0%	0%	98%	
Receivable amount (HK$'000)	–	–	62,421	62,421
Loss allowance (HK$'000)	–	–	61,254	61,254
At 31 March 2019				
Weighted average expected loss rate	96%	98%	0%	
Receivable amount (HK$'000)	33,064	32,958	–	66,022
Loss allowance (HK$'000)	31,785	32,318	–	64,103

21. ADVANCES PROVIDED TO CUSTOMERS

	2020 HK$'000	2019 HK$'000
Advances provided to customers	**335,421**	341,747
Less: Impairment allowances	**(322,025)**	(324,420)
	13,396	17,327
Less: Amounts shown under current assets	**(13,396)**	(17,327)
Amount due after one year	**–**	–

As at 31 March 2020, the advances provided to customers, which bore fixed interest at a rate of not more than 23.0% (2019: 23.0%) per annum, were repayable according to terms stipulated in the loan agreements and factoring facility agreements. Included in the balances, an aggregate amount of approximately HK$10,396,000 was secured by 38,503,380 ordinary shares of China Rongzhong (2019: approximately HK$17,327,000 was secured by 38,503,380 ordinary shares of China Rongzhong).

Before granting loans to outsiders, the Group uses internal credit assessment process to assess the potential borrower's credit quality and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly. Management considered that the receivables which were neither past due nor impaired are customers of good credit quality.

The following is a credit quality analysis of advances provided to customers:

	2020 HK$'000	2019 HK$'000
Neither past due nor impaired	**3,000**	–
Impaired	**332,421**	341,747
Subtotal	**335,421**	341,747
Less: Impairment losses	**(322,025)**	(324,420)
	13,396	17,327

Movement in the impairment allowances

	2020 HK$'000	2019 HK$'000
Balance at beginning of the year	**324,420**	194,533
Impairment losses recognised	**6,753**	151,163
Reversal of impairment	**–**	(17,877)
Exchange realignment	**(9,148)**	(3,399)
Balance at end of the year	**322,025**	324,420

22. STRUCTURED DEPOSITS

As at 31 March 2020, there was no principal-protected floating income structured deposits (2019: HK$86,065,000 issued by banks which carried interest 3.85% to 4.05% per annum). As the directors of the Company evaluate the performance of the structured deposits on a fair value basis, the Group designated the structured deposits as financial asset at fair value through profit or loss on initial recognition. The fair value of the structured deposits was determined by reference to recent market transaction.

As at 31 March 2019, structured deposits of HK$86,065,000 were pledged to banks to comply with the deposit equipment for the issuance of bills payable.

23. SHORT TERM BANK DEPOSITS/BANK BALANCES AND CASH

All bank deposits of the Group carry interest at prevailing market rates ranging from 0% to 4.0% (2019: 0% to 4.7%) per annum respectively.

Included in short term bank deposits and bank balances and cash are the following amounts denominated in currencies other than the functional currencies of the group entities:

	Currency	**2020** **HK$'000**	2019 HK$'000
Hong Kong dollars	HKD	**8,533**	10,735
United States dollars	USD	**85,552**	112,622

As at 31 March 2020, there was no short term bank deposits with original maturity more than three months (2019: HK$147,000) were pledged to banks to comply with the deposit requirement for the issuance of bills payable.

24. BILLS AND OTHER PAYABLES

Other payables of the Group are non-interest-bearing and have an average payment term of one month.

	2020 **HK$'000**	2019 HK$'000
Bills payables	**–**	84,215
Other payables	**24,826**	24,207
	24,826	108,422

Bills payables were normally required to be settled within six months and secured by certain assets as disclosed in Note 36. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

25. LEASE LIABILITIES

The Group's lease payables are secured by the lessor's title to the leased assets.

	Lease payments 2020 HK$'000	Present value of lease payments 2020 HK$'000
Within 1 year	**5,199**	**4,886**
Between 2 and 5 years	**5,134**	**5,014**
	10,333	**9,900**
Less: future finance charges	**(433)**	
Present value of lease obligations	**9,900**	
Less: Amount due for settlement within 12 months (shown in current liabilities)		**(4,886)**
Amount due for settlement after 12 months		**5,014**

At 31 March 2020, the average effective borrowing rate was 4.17%.

26. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Issued and fully paid:		
At 1 April 2018, 31 March 2019 and 31 March 2020	2,761,913	829,209

None of the Company's subsidiaries has purchased, sold or redeemed any of the Company's listed securities during both years.

27. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

As at 31 March 2020, 68,400,000 (2019: 68,400,000) preference shares were in issue.

Pursuant to the terms and conditions of the preference shares, the preference shares may be redeemed by the holders of the preference shares at any time subsequent to 50 years after the date of issue on 18 September 2001 at a redemption value of HK$10.00 per preference share. The preference shares carry no right to dividend distributions to the holders. The preference shares were convertible until 17 September 2004 and the conversion rights attached to the preference shares lapsed with no conversion then.

The liability component of the preference shares is carried at amortised cost based on an effective interest rate of 13.97% per annum.

28. DEFERRED TAX ASSET

At 31 March 2020, the Group had estimated unused tax losses arising in Hong Kong of HK$218,570,000 (2019: HK$217,304,000), certain of which subject to agreement of the Hong Kong Inland Revenue Department, the unused tax losses are available indefinitely for offset against future profits of the companies in which the losses arose. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

As at 31 March 2020, the Group had deductible temporary differences in respect of certain impairment allowances on advances provided to customers of HK$52,079,000 (2019: HK$54,688,000). No deferred tax asset has been recognised as at 31 March 2020 and 31 March 2019 in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

29. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

29. RESERVES (continued)

(b) Company

The changes in the reserves of the Company during the years ended 31 March 2020 and 2019 are as follows:

	Employee share-based compensation reserve HK$'000	General reserve HK$'000	Translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2018	38,374	6,000	13,068	(359,687)	(302,245)
Loss for the year	–	–	–	(201,267)	(201,267)
Exchange differences arising on translation	–	–	(31,864)	–	(31,864)
Total comprehensive expense for the year	–	–	(31,864)	(201,267)	(233,131)
Expiry of share options	(1,511)	–	–	1,511	–
Lapse of share options	(773)	–	–	773	–
Recognition of equity-settled share-based payment expenses	2,144	–	–	–	2,144
Sub-total	(140)	–	–	2,284	2,144
At 31 March 2019	38,234	6,000	(18,796)	(558,670)	(533,232)
As at 1 April 2019	38,234	6,000	(18,796)	(558,670)	(533,232)
Loss for the year	–	–	–	(52,026)	(52,026)
Exchange differences arising on translation	–	–	(12,944)	–	(12,944)
Total comprehensive expense for the year	–	–	(12,944)	(52,026)	(64,970)
Expiry of share options	(5,080)	–	–	5,080	–
Lapsed of share options	(16,620)	–	–	16,620	–
Recognition of equity-settled share-based payment expenses	582	–	–	–	582
Sub-total	(21,118)	–	–	21,700	582
At 31 March 2020	**17,116**	**6,000**	**(31,740)**	**(588,996)**	**(597,620)**

30. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and reserves less accumulated losses.

The directors of the Company review the capital structure on a regular basis. As part of this review, 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, repurchase of shares and new share issues.

31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2020 **HK$'000**	2019 HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**179,656**	216,410
Financial assets at fair value through profit or loss	**37,100**	126,528
Financial liabilities:		
Financial liabilities at amortised cost	**22,911**	96,150

Fair value

The fair values of financial assets at fair value through profit or loss are determined based on generally accepted pricing models as disclosed in Notes 19 and 22.

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies

The risks associated with these financial instruments included market risk (price risk, currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set our below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

Price risk

The Group is exposed to price risk through its investments in club debentures which are classified as financial assets at fair value through profit or loss. The management manages this exposure by maintaining a portfolio of investments with different risks. No sensitivity analysis is prepared for the price risk as the directors of the Company considered that the Group is not subject to significant amount of risk for both years.

Currency risk

The Company and several subsidiaries of the Company have foreign currency denominated monetary assets and monetary liabilities, thus exposing the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, including short term bank deposits, bank balances and redeemable convertible preference shares at the reporting date were as follows:

		Assets		Liabilities	
	Currency	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Hong Kong dollar	HKD	**24,522**	27,519	**9,634**	7,851
United States dollar	USD	**85,617**	112,803	**–**	–

The Group currently does not have a foreign exchange hedging policy to eliminate the currency exposures. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in USD and HKD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB, the functional currency of respective group entities, against USD and HKD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate. The analysis illustrates the impact for a 5% weakening of USD and HKD against RMB and a positive number below indicates an increase in loss for the year. For a 5% strengthening of USD and HKD against RMB, there would be an equal and opposite impact on loss for the year.

	USD impact		**HKD impact**	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Increase in loss for the year	**3,211**	4,230	**558**	627

In management's opinion, the sensitivity analysis is unrepresentative of the inherent currency risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to advances provided to customers as set out in Note 21. Management considers that the risk is insignificant as advances provided to customers are measured at amortised cost. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effects of fluctuation in the prevailing levels of market interest rates on the cash flow risk. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Limits are set on the level of mismatch of interest rate repricing that may be undertaken, which is monitored monthly.

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank deposits and bank balances (see Note 23 for details of these financial instruments respectively). Management monitors the related interest exposure closely to ensure the interest rate risks are maintained at an acceptable level.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis for cash flow interest rate risk

The sensitivity analysis below has been determined based on the exposure to variable-rate bank deposits and bank balances. The analysis is prepared assuming the amount of asset and liability of variable-rate outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2019: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2019: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2020 would decrease/increase by HK$81,000 (2019: HK$529,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits and bank balances.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

– internal 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 changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

As at 31 March 2020, the Group's maximum exposure to credit risk is the carrying amounts of financial assets.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

In order to minimise the credit risk, credit limits and credit terms granted to customers are approved by delegated officers and follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Any further extension of credit beyond the approved limit had to be approved by the directors of the Company. In this regard, the directors of the Company consider that the credit risk of the Group is significantly reduced.

The credit risk on liquid funds (i.e. short term bank deposits, bank balances and cash) is limited because the majority of the counterparties are banks with good reputations.

The Group's concentration of credit risk on loan to an associate, accounts receivable and advances provided to customers (the "Receivables") as at 31 March 2020 included five major counterparties accounting for 100% (2019: 100%) of the Receivables. The Group has closely monitored the recoverability of the advances to these counterparties and taken effective measures to ensure timely collection of outstanding balances.

The Group is exposed to the concentration of geographical risk on revenue which is generated from customers located in the PRC. The Group has closely monitored the business performance and diversified its customer.

Liquidity risk

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

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables

	Weighted average effective interest rate %	On demand HK$'000	Within 1 month HK$'000	1 to 3 months HK$'000	4 to 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2020 HK$'000
2020									
Non-derivative financial liabilities									
Bills and other payables	–	–	3,339	–	–	–	–	3,339	3,339
Security deposits	–	–	–	–	1,233	–	–	1,233	1,233
Lease liabilities	4.17	–	437	1,311	3,451	4,742	392	10,333	9,900
Redeemable convertible preference shares	13.97	–	–	–	–	–	684,000	684,000	8,439
		–	3,776	1,311	4,684	4,742	684,392	698,905	22,911

	Weighted average effective interest rate %	On demand HK$'000	Within 1 month HK$'000	1 to 3 months HK$'000	4 to 12 months HK$'000	1 to 2 years HK$'000	Over 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2019 HK$'000
2019									
Non-derivative financial liabilities									
Bills and other payables	–	–	20,456	67,134	–	–	–	87,590	87,590
Security deposits	–	–	–	–	–	1,221	–	1,221	1,221
Redeemable convertible preference shares	13.97	–	–	–	–	–	684,000	684,000	7,339
		–	20,456	67,134	–	1,221	684,000	772,811	96,150

33. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

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

(a) Disclosures of level in fair value hierarchy at 31 March 2020 and 2019:

	Fair value measurement using:			**Total**
	Level 1	**Level 2**	**Level 3**	**2020**
Description	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Club debentures	**–**	**37,100**	**–**	**37,100**
	–	**37,100**	**–**	**37,100**

	Fair value measurement using:			**Total**
	Level 1	**Level 2**	**Level 3**	**2019**
Description	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
Structured deposits	–	86,065	–	86,065
Club debentures	–	40,463	–	40,463
	–	126,528	–	126,528

33. FAIR VALUE MEASUREMENTS (continued)

(b) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

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

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

Level 2 fair value measurements

Description	**Valuation technique**	**Inputs**	**Fair value 2020 HK$'000**
Club debentures	Market approach	Quoted prices	37,100

Description	Valuation technique	Inputs	Fair value 2019 HK$'000
Structured deposits	Income approach	Risk free rate Credit spread Discount rate	86,065
Club debentures	Market approach	Quoted prices	40,463

During the year ended 31 March 2020 and 2019, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme was adopted by the Company on 18 September 2002 (the "2002 Share Option Scheme") with amendments made on 29 August 2003 to give clarity to it. Upon a new share option scheme of the Company came into effect on 31 August 2012 (the "2012 Share Option Scheme"), the 2002 Share Option Scheme was terminated and no further share options will be granted thereunder, but the provisions of the 2002 Share Option Scheme will remain in full force and effective to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

The Company operates the 2002 Share Option Scheme and the 2012 Share Option Scheme for the purpose of providing incentives and rewards to eligible participants, including the Company's directors and other eligible participants of the Group. Key terms of the 2012 Share Option Scheme are as follows:

The maximum number of shares in the Company which may be issued upon exercise of all outstanding options granted but yet to be exercised under the 2002 Share Option Scheme, the 2012 Share Option Scheme and any other share option scheme shall not in aggregate exceed 30 percent of the issued share capital of the Company from time to time. The maximum number of shares in the Company that may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option scheme must not in aggregate exceed 10 percent of the issued share capital of the Company as at the date of approval of the 2012 Share Option Scheme.

The total number of shares issued and which may fall to be issued upon exercise of the options granted to each participant in any 12-month period shall not exceed 1 percent of the issued share capital of the Company for the time being.

The offer of a grant of share options may be accepted no later than 21 days from the date of offer with HK$1 as consideration being payable by the grantee. The exercise period of the share options granted is determinable by the directors.

The subscription price of a share option is determined by the directors, but may not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trades in one or more board lots of shares on the date of offer; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of the share.

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Details of the specific categories of options are as follows:

	Number of share options	Date of grant	Vesting period	Exercise period	Exercise price HK$ per share
Share options granted to directors	43,100,000	1/2/2011	3 years from the date of grant	1/2/2014 to 31/1/2021	0.410
	26,000,000	14/10/2014	2 years from the date of grant	14/10/2016 to 13/10/2024	0.360
	35,000,000	8/12/2016	2 years from the date of grant	8/12/2018 to 7/12/2026	0.272
	26,000,000	18/4/2019	3 years from the date of grant	18/04/2022 to 17/4/2029	0.230
Share options granted to employees	3,100,000	1/2/2011	3 years from the date of grant	1/2/2014 to 31/1/2021	0.410
	5,300,000	28/6/2013	2 years from the date of grant	28/6/2015 to 27/6/2023	0.295
	28,500,000	14/10/2014	2 years from the date of grant	14/10/2016 to 13/10/2024	0.360
	5,100,000	8/12/2016	2 years from the date of grant	8/12/2018 to 7/12/2026	0.272
	26,000,000	18/4/2019	3 years from the date of grant	18/04/2022 to 17/4/2029	0.230
	198,100,000				

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) Details of the share options outstanding during the year are as follows:

	2020 Number of share options	2020 Weighted average exercise price HK$	2019 Number of share options	2019 Weighted average exercise price HK$
Outstanding at the beginning of the year	**303,200,000**	**0.372**	317,700,000	0.376
Granted during the year	**52,000,000**	**0.230**	–	–
Expired during the year	**(26,000,000)**	**0.500**	(6,200,000)	0.606
Lapsed during the year	**(131,100,000)**	**0.373**	(8,300,000)	0.332
Outstanding at the end of the year	**198,100,000**	**0.318**	303,200,000	0.372
Exercisable at the end of the year	**146,100,000**		303,200,000	

Movements of the share options held by the directors of the Company during the year ended 31 March 2020 and 2019 are listed below in accordance with chapter 17 of the Listing Rules:

Date of grant of share options	Exercise period of share	Exercise price HK$	Outstanding at 1 April 2019	Granted during the year	Expired during the year	Lapsed during the year	Outstanding at 31 March 2020
13/10/2009	13/10/2012 – 12/10/2019	0.500	52,000,000	–	(26,000,000)	(26,000,000)	**–**
1/2/2011	01/02/2014 – 31/01/2021	0.410	69,100,000	–	–	(26,000,000)	**43,100,000**
28/6/2013	28/6/2015 – 27/6/2023	0.295	2,600,000	–	–	(2,600,000)	**–**
14/10/2014	14/10/2016 – 15/10/2024	0.360	52,000,000	–	–	(26,000,000)	**26,000,000**
8/12/2016	8/12/2018 – 7/12/2026	0.272	60,000,000	–	–	(25,000,000)	**35,000,000**
18/4/2019	18/04/2022 – 17/4/2029	0.230	–	26,000,000	–	–	**26,000,000**
			235,700,000	26,000,000	(26,000,000)	(105,600,000)	**130,100,000**
			HK$	HK$	HK$	HK$	**HK$**
Weighted average exercise price per share			0.372	0.230	0.500	0.373	**0.318**

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) Details of the share options outstanding during the year are as follows: (continued)

Date of grant of share options	Exercise period of share	Exercise price HK$	Outstanding at 1 April 2018	Expired during the year	Lapsed during the year	Outstanding at 31 March 2019
23/5/2008	23/5/2011 – 22/5/2018	0.692	1,600,000	(1,600,000)	–	–
13/10/2009	13/10/2012 – 12/10/2019	0.500	52,000,000	–	–	52,000,000
1/2/2011	01/02/2014 – 31/01/2021	0.410	69,100,000	–	–	69,100,000
28/6/2013	28/6/2015 – 27/6/2023	0.295	2,600,000	–	–	2,600,000
14/10/2014	14/10/2016 – 15/10/2024	0.360	52,000,000	–	–	52,000,000
8/12/2016	8/12/2018 – 7/12/2026	0.272	60,000,000	–	–	60,000,000
			237,300,000	(1,600,000)	–	235,700,000
			HK$	HK$	HK$	HK$
Weighted average exercise price per share			0.376	0.606	0.332	0.372

No share options were exercised and 131,100,000 share options (2019: 8,300,000 share options) were lapsed during the year ended 31 March 2020. The weighted average share price at the date of exercise for share options exercised during the year ended 31 March 2020 was HK$0.318 (2019: HK$0.372). The options outstanding at the end of the year have a weighted average remaining contractual life of 9.1 years (2019: 7.7 years) and the exercise price is HK$0.318 per share (2019: HK$0.372 per share).

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on binomial lattice model. The contractual life of the option is used as an input into these models. Expectations of early exercise are incorporated into the binomial lattice model.

Grant date	18 April 2019
Fair value at measurement dates (HK$)	0.035
Share price (HK$)	0.110
Exercise price (HK$)	0.230
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial lattice model)	41.73%
Option life	10 years
Expected tenor	10 years
Risk-free rate	1.65%

34. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

Fair value of share options and assumptions (continued)

The expected volatility is based on the historical weekly volatility of the Company's share price over the previous 520 weeks, adjusted for any expected changes to future volatility due to publicly available information. The binomial lattice model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing price of the Company's shares immediately before 18 April 2019, the date of the grant, was HK$0.110. The exercise price is HK$0.230. The estimated fair value of the share options granted on that date was HK$1,820,000.

The Group recognised total expenses of HK$582,000 (2019: HK$2,144,000) relating to share option payment transactions for the year ended 31 March 2020.

35. RETIREMENT BENEFIT SCHEME

The Group participates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees in Hong Kong under the jurisdiction of the Hong Kong Employment Ordinance. The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant income subject to a cap of monthly relevant income as specified in the rules. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees employed by the subsidiaries in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

36. PLEDGE OF ASSETS

As at 31 March 2020, as disclosed in Note 22 and 23, assets with the following carrying amounts were pledged to secure the bills payables as disclosed in Note 24:

	2020 **HK$'000**	2019 HK$'000
Structured deposits	–	86,065
Short term bank deposits with original maturity more than three months	–	147
	–	86,212

37. NOTES TO THE STATEMENT OF CASH FLOWS

Change in liabilities arising from financing activities

The following table shows the Company's changes in liabilities arising from financing activities during the year:

	Lease liabilities **HK$** HK$'000	**Total liabilities from financing activities** **HK$** HK$'000
As at 1 April 2018, 31 March 2019 and 1 April 2019	–	–
Changes in cash flows	(4,784)	(4,784)
Non-cash changes		
– recognition upon initial application of HKFRS 16	213	213
– new leases entered	14,060	14,060
– interest charged	411	411
As at 31 March 2020	9,900	9,900

38. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related companies, of which certain directors are also Directors, during the year.

Key management personnel remuneration

	2020 **HK$'000**	2019 HK$'000
Short-term benefits	**3,597**	6,072
Post-employment benefits	**18**	35
Equity-settled share-based payment expenses	**291**	1,810
	3,906	7,917

The details of the remuneration paid to the key management personnel are set out in Note 11.

Transactions with related parties

	2020 **HK$'000**	2019 HK$'000
Imputed interest on redeemable convertible preference shares held by Miss Jacqueline Wong (Note 1)	**1,100**	957
Rental expense paid to a related company with common controlling shareholders (Note 2)	**4,709**	4,709

Notes:

1. Miss Jacqueline Wong, who is the daughter of Mr. Wong Yu Lung, Charles ("Mr. Wong"), became the beneficial owner of the redeemable convertible preference shares issued by the Company during the year.

2. Mr. Wong and his daughter Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong"), both directors of the Company, were considered as materially interested in the transaction as the related company was held by trusts whereby Mr. Wong and Ms. Michelle Wong were trustee and eligible beneficiary respectively.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position	Notes	31 March 2020 HK$'000	31 March 2019 HK$'000
Non-current assets			
Equipment		**22**	166
Right-of-use assets		**9,248**	–
Loans to a subsidiary		**–**	2,633
Amounts due from subsidiaries		**17,748**	31,517
Club debentures		**37,100**	40,463
		64,118	74,779
Current assets			
Amounts due from subsidiaries		**40,591**	55,803
Prepayments, deposits and other receivables		**213**	558
Short term bank deposits			
– with original maturity within three months		**146,855**	163,756
– with original maturity more than three months		**102**	11,662
Bank balances		**1,890**	632
		189,651	232,411
Current liabilities			
Other payables and accrued charges		**3,457**	2,968
Lease liabilities		**4,407**	–
Amount due to a subsidiary		**896**	906
		8,760	3,874
Net current assets		**180,891**	228,537
Total assets less current liabilities		**245,009**	303,316
Capital and reserves			
Share capital	26	**829,209**	829,209
Reserves	29b	**(597,620)**	(533,232)
Total equity		**231,589**	295,977
Non-current liability			
Lease liabilities		**4,981**	–
Redeemable convertible preference shares		**8,439**	7,339
		245,009	303,316

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 19 October 2020 and is signed on its behalf by:

Wong Yu Lung, Charles
DIRECTOR

Wong, Michelle Yatyee
DIRECTOR

40. PARTICULARS OF THE SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 March 2020 and 2019 are as follows:

Name	Place of incorporation and operation	Issued and paid up capital		Percentage of equity interests attributable to the Company		Principal activities
		2020	2019	**2020**	2019	
Directly held:						
Perfect Honour Limited	British Virgin Islands	**US$1**	US$1	**100%**	100%	Investment holding
Indirectly held:						
Jiangsu Goldbond Factoring Co. Ltd.# (江蘇金榜商業保理有限公司) (Note 1, 2)	the PRC	**RMB50,000,000**	RMB50,000,000	**100%**	100%	Provision of factoring service
Shanghai Goldbond Trading Company Limited# (上海金寓宏商貿有限公司) (Note 1, 2)	the PRC	**RMB10,000,000**	RMB10,000,000	**100%**	100%	Provision of financing service
Yancheng Goldbond Supply Chain Management Limited # (鹽城市金榜供應鏈管理有限公司) (Note 1, 2, 3)	the PRC	**US$8,800,000**	US$8,800,000	**100%**	100%	Provision of financing service
Nanjing Excellent Link Consultancy Company Limited# (南京卓領信息諮詢有限公司) (Note 1, 2)	the PRC	**HK$7,000,000**	HK$7,000,000	**100%**	100%	Provision of financing service

English translated name is for identification purpose only

Note: (1) These companies are wholly foreign-owned enterprise established in the PRC.
(2) The company is a limited company established in the PRC.
(3) Formerly known as "Yancheng Goldbond Technology Small Loan Company Limited" (鹽城市金榜科技小額貸款有限公司).

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets and liabilities 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 issued any debt securities at the end of the year.

41. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Investigation

On 25 June 2019, the Former Auditor issued a letter to the Audit Committee, in which the Former Auditor requested the Audit Committee to undertake the Investigation in respect of the trading transactions in chemical products (the "Trading Business") by Shanghai Goldbond involving an aggregate overdue account receivables for the Group in the amount of approximately RMB57,000,000 (equivalent to approximately HK$65,000,000).

On 18 July 2019, the Independent Firm was engaged to conduct the Investigation. The Independent Firm issued a first report on the Investigation (the "Investigation Report") to the Audit Committee on 31 January 2020. The Audit Committee engaged the Independent Firm to conduct certain extended procedures relevant to the Investigation on 19 March 2020 (the "Supplementary Investigation") and the Independent Firm issued a final report on the Supplemental Investigation (the "Supplemental Investigation Report") on 4 September 2020 to the Audit Committee.

Details of the key findings of the Investigation Report and Supplemental Investigation Report are set out in the announcements of the Company dated 31 January 2020 and 4 September 2020, respectively.

(b) Acquisition of Optimus Financial Group Limited

On 26 June 2020, Goldbond Investment Group Limited ("Goldbond Investment"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with the Quan Tai Limited (the "Vendor"), pursuant to which Goldbond Investment has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, 17,110,500 issued shares of Optimus Financial Group Limited (the "Target Company"), representing 51% of the total issued share capital of the Target Company (the "Acquisition").

The Target Company and its subsidiary are principally engaged in financial leasing and provision of property and automobile financial lease services in Shanghai and Jiangsu Province, the PRC. The completion of the Acquisition took place on 30 June 2020. Upon completion of the Acquisition, the Target Company and its subsidiaries have become non wholly-owned subsidiaries of the Company.

The Acquisition constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Further details of the Acquisition are set out in the announcement of the Company dated 26 June 2020.

41. EVENTS AFTER THE END OF THE REPORTING PERIOD (continued)

(c) Other Business Updates

As disclosed in the announcement of the Company dated 26 June 2020, in April 2020, the Group has formed a subsidiary in Shenzhen, the PRC (the "SZ Subsidiary") with a local non-controlling shareholder (the "Local Partner"), which is an independent third party to the Company and its connected persons (as defined under the Listing Rules). The SZ Subsidiary is engaged in the provision of property technology services, which uses and integrates software (e.g. programs and algorithms), hardware (e.g. internet-connected sensors and devices) and data to help individuals, landlords and property managers better manage and optimise the usage of their real estate, which is expected to capture the growing demand for property technology services in the PRC. The SZ Subsidiary shall be operated by the Group and the Local Partner where the Group shall contribute its development resources and business network while the Local Partner shall contribute its technology and brand resources, respectively. In addition, since April 2020, the Group has expanded into the business of car operating lease in Huzhou City, Zhejiang Province, the PRC.

In addition, as disclosed in the announcements of the Company dated 4 September 2020 and 25 September 2020, the Audit Committee, after having reviewed the key findings of the Supplemental Investigation Report, has recommended the Board to consider disposing of the Trading Business with a view to terminate the Trading Business (which has already been suspended since January 2019) and for the Group to focus on its principal business, and such recommendation has been considered and endorsed by the Board. No definitive agreement has been entered into by the Group in this regard as at the date of this report.

42. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 19 October 2020.