



**LFG Investment Holdings Limited**  
**LFG 投資控股有限公司**

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 3938

**2020/2021**  
**Annual Report**

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# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Mui Ho Cheung Gary  
*(Chairman and Chief Executive Officer)*  
Mr. Liu Chi Wai  
Mr. Ng Siu Hin Stanley  
Ms. Ho Sze Man Kristie  
Mr. Tang Chun Fai Billy (appointed on 1 April 2020)

### Independent Non-executive Directors

Ms. Lim Yan Xin Reina  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

## AUDIT COMMITTEE

Ms. Lim Yan Xin Reina *(Chairlady)*  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

## REMUNERATION COMMITTEE

Mr. Poon Lai Yin Michael *(Chairman)*  
Ms. Lim Yan Xin Reina  
Dr. Wong Ho Ki

## NOMINATION COMMITTEE

Mr. Mui Ho Cheung Gary *(Chairman)*  
Ms. Lim Yan Xin Reina  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

## AUTHORISED REPRESENTATIVES

Mr. Mui Ho Cheung Gary  
Mr. Ng Siu Hin Stanley

## COMPANY SECRETARY

Mr. Lam Yau Lun

## AUDITOR

BDO Limited  
*Certified Public Accountants*  
25th Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

## COMPLIANCE ADVISER

Octal Capital Limited  
801–805, 8/F, Nan Fung Tower  
88 Connaught Road Central  
Hong Kong

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1601, 16th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited  
2103B, 21st Floor  
148 Electric Road  
North Point  
Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited  
33rd Floor, ICBC Tower  
3 Garden Road  
Central, Hong Kong

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

## COMPANY'S WEBSITE

[www.legogroup.hk](http://www.legogroup.hk)

## STOCK CODE

3938

# Financial Summary

## RESULTS

<b>For the year ended 31 March</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	108,152	105,254	118,437	104,815	78,620
Profit before income tax expenses	18,463	22,172	60,118	61,102	43,950
Profit for the year	15,974	14,150	49,014	51,125	35,880
Total comprehensive income for the year	16,005	14,150	49,014	51,125	35,880
Basic and diluted earnings per share from profit for the year attributable to owners of the Company	4.0 HK cents	3.9 HK cents	N/A	N/A	N/A

## ASSETS AND LIABILITIES

<b>As at 31 March</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	343,866	347,581	106,728	52,766	36,945
Total liabilities	170,215	172,948	47,899	24,092	16,396
Net assets	173,651	174,633	58,829	28,674	20,549

# Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of LFG Investment Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present to you the annual report of the Company for the year ended 31 March 2021 (the "Fiscal Year").

Established in 2015, we have grown rapidly in merely a few years. The Company's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 2019, bringing us resources and opportunities to develop our business, as well as enhancing our market reputation and competitive strength.

These two years are tough and challenging for many enterprises. The China-US trade war heightened, combined with the uncertainties caused by Brexit and geopolitical tensions, global economy has seen a dip due to instability in market sentiments and economic activities. Coupled with the outbreak of the novel coronavirus (COVID-19) pandemic, major global stock markets have plummeted due to mounting concern about the impact of the pandemic.

Local businesses has stumbled due to a decline in economic performance, social turmoil, the pandemic and rub-on effect of global economy. Financial activities in Hong Kong are no exception. In particular, the lockdown and travel restriction has further hindered the Financial performance of businesses, especially for those base in Hong Kong. As a local financial service provider relying on demand in corporate finance advisory and underwriting services, our business was inevitably affected. During the Fiscal Year, the Company has actively expanded our depth of services, especially in our fund management arm and margin financing services, by leveraging on our listing proceeds and debt financing following our Listing. The Company has also implemented cost control measures to optimise our cost structure, and adopted a prudent risk management system to tackle the challenge.

Looking ahead, we will closely monitor market development in order to adjust business strategies. In addition to consolidating our corporate finance advisory services, we will actively grasp opportunities in investment and financing business and channel efforts to expand other segments, including securities brokerage and underwriting business and asset management business, in order to diversify our income sources and meet the different needs of customers.

As an active financial service provider in Hong Kong, the Company will continue to seize opportunities and strengthen its business network to maintain a stable project reserve in the future.

On behalf of the Board, I would like to thank the management and employees of the Group for their hard work, as well as the support and trust of customers and partners. We will continue to create long-term value for the Group and the shareholders.

**Mui Ho Cheung Gary**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 24 June 2021

# Management Discussion and Analysis

## OVERVIEW

The Group is an active financial services provider in Hong Kong licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The Group principally engages in the provision of (i) corporate finance advisory services; (ii) securities and financing services; and (iii) asset management services through its main operating subsidiaries, namely Lego Corporate Finance Limited, Lego Securities Limited and Lego Asset Management Limited.

The shares of the Company (the “Shares”, each a “Share”) were listed on the Main Board of the Stock Exchange on 30 September 2019 (the “Listing”) by way of share offer with net proceeds of approximately HK\$99.1 million. The net proceeds from the Listing strengthens the Group’s financial position and enables the Group to pursue its business strategies to continue to grow and develop its businesses.

Following the Listing, the Group aims to utilise its established integrated financial service platform for providing a wide range of financial and securities services to its clients. The Group provides corporate finance advisory services including (i) acting as sponsor to companies seeking to list on the Main Board or GEM of the Stock Exchange; (ii) acting as financial adviser and independent financial adviser; and (iii) acting as compliance adviser. On the other hand, the Group also provides placing and underwriting services, securities dealing and brokerage services, margin financing services as well as asset management services to its clients.

Corporate finance advisory business remains as the key business driver and the Group intends to leverage on its ability to continually provide high quality corporate finance advisory services to its clients. During the Fiscal Year, the corporate finance advisory services have contributed a majority of the revenue of the Group.

Supported by the foundation built by the corporate finance advisory services, the Group continues to develop the securities and financing services and asset management services. During the Fiscal Year, the Group has completed eight IPO underwriting projects, of which two of them were sponsored by the Group. Regarding the fund management services, as at 31 March 2021, the asset under management amounted to approximately US\$9.9 million (equivalent to approximately HK\$77.2 million).

The Group has invested in Lego Vision Fund SP which is a segregated portfolio under Lego Funds SPC Limited launched on 1 April 2019. Lego Vision Fund SP is set up and managed by respective investment manager who has the power and authority to manage and make decisions for the investment. The Group made the investment with primary objectives for capital appreciation, investment gains and selling in the future for profit.

# Management Discussion and Analysis (Continued)

## REVIEW

### Market Review

The global economy remained to be challenged by the uncertainties since the outbreak of the COVID-19 in 2020. Most parts of the world continued to impose stringent travel restriction which limit the ability to travel and conduct in person meetings and limit economic activities. Global and Asia economy slowly recovers from standstill since COVID-19 being declared by World Health Organisation as global pandemic on 11 March 2020. Despite the recovery of financial markets with most of the stock indices recouped their earlier losses in June 2020, Hong Kong financial market and sentiment for investment is unavoidably impacted by the economic and social uncertainties.

The pandemic adversely affected the application and approval process for listing in Hong Kong. In 2020, the number of newly listed companies on the Main Board of the Stock Exchange decreased to 146 or 13.1%, as compared to the same period last year. The unemployment rate in Hong Kong had surged to 5.8% in 2020, the highest in the past 15 years. Real GDP in Hong Kong declined by 6.1% in 2020 as compared to 2019.

The development and approval of vaccination program in some countries since December 2020 raised hopes that pandemic is nearing the end. Global capital markets have reacted positively to the news and the Group is able to be benefited by the recovery with the surge in fair value of its investment. However, infections continued to surge in certain part of the world which sparked renewed lockdowns, and loomed over the prospect of recovery.

The Group strives to maintain its profitability by prudence cost and capital management approach, and diversify its income source. The Group's project pipeline remains resilient despite these challenges, and was able to offset the slower economic activities with growth in securities and financing and investment businesses. The Group's strong reputation for excellent and high performing team continue to provide support for recurring customers and auxiliary business. The Group also maintains sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations. While the demand for corporate finance advisory and underwriting services in the industry and its business, which is dependable on the market conditions, was impacted by the uncertainties described above, the Group's project pipeline remains solid.

### Business Review

Looking back on the past year, the Group has achieved satisfactory results. During the Fiscal Year, the Group was able to maintain its profitability while facing a challenging business environment. The Group leveraged its reputation and continue to diversify its income source and maintain a prudence cost and capital management strategy.

The Group continued to derive a majority of its revenue from its corporate finance advisory services during the Fiscal Year, which accounted for approximately 43.6% (2020: approximately 82.0%) of the Group's total revenue. The Group's other businesses, namely (i) securities and financing services; and (ii) asset management services and investment fund, accounted for approximately 30.2% and 26.2% (2020: approximately 18.4% and negative 0.4%) of its total revenue during the Fiscal Year, respectively.

## Management Discussion and Analysis (Continued)

### Corporate Finance Advisory Services

The Group's corporate finance advisory services include (i) IPO sponsorship services; (ii) financial and independent financial advisory services; and (iii) compliance advisory services.

The Group's corporate finance advisory business recognised a drop in revenue of approximately 45.4%, from approximately HK\$86.3 million for the year ended 31 March 2020 to approximately HK\$47.1 million during the Fiscal Year.

During the Fiscal Year, the Group was engaged in a total of 151 corporate finance advisory projects, which included 17 IPO sponsorship projects, 113 financial and independent financial advisory projects and 21 compliance advisory projects, while we were engaged in a total of 188 corporate finance advisory projects, which included 26 IPO sponsorship projects, 139 financial and independent financial advisory projects and 23 compliance advisory projects during the year ended 31 March 2020.

#### (i) *IPO sponsorship services*

IPO sponsorship services remained as the Group's core driver for the Fiscal Year. During the Fiscal Year, the Group was engaged in 17 IPO sponsorship projects (2020: 26 projects) and has completed two IPO sponsorship engagements (2020: seven).

Revenue generated from IPO sponsorship services was approximately HK\$20.0 million during the Fiscal Year (2020: approximately HK\$37.8 million).

#### (ii) *Financial and independent financial advisory services*

The Group acts as (i) financial advisers to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including, among others, the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC (the "Takeovers Code"); or (ii) independent financial advisers to independent board committees and/or independent shareholders of listed companies in Hong Kong rendering recommendations and opinions.

Revenue generated from financial and independent financial advisory services was approximately HK\$19.7 million during the Fiscal Year (2020: approximately HK\$39.5 million). During the Fiscal Year, the Group was engaged in 70 financial advisory projects and 43 independent financial advisory projects (2020: 77 and 62 projects, respectively).

#### (iii) *Compliance advisory services*

The Group acts as compliance advisers to listed companies in Hong Kong advising them on post-listing compliance matters in return for advisory fee.

Revenue generated from compliance advisory services was approximately HK\$7.5 million during the Fiscal Year (2020: approximately HK\$8.9 million). During the Fiscal Year, the Group was engaged in 21 compliance advisory projects (2020: 23 projects).

# Management Discussion and Analysis (Continued)

## Securities and Financing Services

The Group provides (i) placing and underwriting services by acting as global coordinator, bookrunner, lead manager or underwriter for listing applicants in IPOs and underwriter or placing agent for secondary market transactions, in return for placing and/or underwriting commission income; (ii) securities dealing and brokerage services for trading in securities on the Stock Exchange and in other overseas markets; and (iii) securities financing services to its clients by providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs.

During the Fiscal Year, the Group recorded revenue from placing and underwriting business of approximately HK\$19.6 million (2020: HK\$10.6 million) which was mainly due to increase in average underwriting commission generated from placing and underwriting projects during the Fiscal Year. The Group completed 8 transactions as underwriter for IPOs and did not complete any transaction as underwriter and/or placing agents for secondary market fund raising exercise (2020: 13 and two transactions, respectively).

The revenue generated from securities dealing and brokerage was approximately HK\$6.4 million during the Fiscal Year (2020: HK\$6.7 million).

As at 31 March 2021, the total outstanding balance of margin loans amounted to approximately HK\$97.0 million (31 March 2020: approximately HK\$96.7 million) and the interest income generated from securities financing services was approximately HK\$6.7 million during the Fiscal Year (2020: approximately HK\$2.1 million).

## Asset Management Services and Investment Fund Income

The Group provides fund management services to its clients.

As at 31 March 2021, the asset under management by the Group was approximately US\$9.9 million (equivalent to approximately HK\$77.2 million) (31 March 2020: US\$5.2 million, or equivalent to approximately HK\$40.3 million). The revenue generated from asset management services was approximately HK\$30,000 during the Fiscal Year (2020: HK\$39,000).

The fund under management generated revenue of approximately HK\$28.3 million during the Fiscal Year (2020: negative HK\$0.4 million) arising from interest income from listed bonds, dividend income from listed securities and net change in financial assets at fair value through profit or loss. Such increase was mainly due to the significant improvement of performance of the fund under management.

## Financial Review

### Revenue

The total revenue of the Group increased from approximately HK\$105.3 million for the year ended 31 March 2020 to approximately HK\$108.2 million for the Fiscal Year, representing an increase of approximately 2.8%, mainly as a result of increase in revenue from securities and financing services and investment fund partly offset by decrease in revenue of the corporate finance advisory services.

### Other income and gains or losses, net

Other income and gains or loss, net decreased from approximately HK\$0.9 million for the year ended 31 March 2020 to approximately negative HK\$11.9 million for the Fiscal Year, representing a decrease of approximately HK\$12.8 million. Other income and gains or losses, net mainly includes interest income from bank deposits, foreign currency translation differences and share of results of consolidated investment fund attributable to other redeemable participating shareholders.

## Management Discussion and Analysis (Continued)

### Administrative and Other Expenses

The Group's administrative and other expenses decreased by approximately 19.7% from approximately HK\$33.2 million for the year ended 31 March 2020 to approximately HK\$26.6 million for the Fiscal Year, primarily due to recognition of listing expenses of approximately HK\$8.0 million for the year ended 31 March 2020.

### Staff Costs

Staff costs increased by approximately 0.8% from approximately HK\$47.6 million for the year ended 31 March 2020 to approximately HK\$48.0 million for the Fiscal Year primarily due to increase in the bonus to staff during the Fiscal Year.

### Finance Costs

Finance costs represented interest expense recognised on right-of-use assets and interest expense payable for bank borrowings and margin financing incurred by the fund under management by the Group. The Group recorded finance costs of approximately HK\$0.6 million during the Fiscal Year (2020: approximately HK\$0.9 million).

### Profit attributable to the owners of the Company

Profit for the Fiscal Year attributable to the owners of the Company slightly increased to approximately HK\$16.1 million (2020: approximately HK\$14.2 million) primarily due to increase in revenue, and decrease in other income, administrative and other expenses and income tax expenses.

### Liquidity, Financial Resources and Capital Structure

During the Fiscal Year, the Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations, bank borrowings, margin financing and capital.

As at 31 March 2021, the Group's net current assets amounted to approximately HK\$164.7 million (31 March 2020: approximately HK\$165.2 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 2.0 times (31 March 2020: approximately 2.0 times). Cash and bank balances and pledged bank deposit in aggregate amounted to approximately HK\$43.1 million (31 March 2020: approximately HK\$127.9 million). As at 31 March 2021, the Group has bank borrowings, amounts due to broker and convertible bonds of approximately HK\$5.0 million, HK\$18.4 million and HK\$1.2 million, respectively (31 March 2020: nil, HK\$8.3 million and nil, respectively). As at 31 March 2021, the Group's total debt incurred (including bank borrowings, amounts due to broker, convertible bonds and lease liabilities) were approximately HK\$33.8 million (31 March 2020: HK\$17.0 million), representing a gearing ratio of approximately 19.4% (31 March 2020: 9.8%).

Gearing ratio is calculated based on total borrowings divided by the total equity as at the end of the Fiscal Year.

## Management Discussion and Analysis (Continued)

### **Pledge of Assets**

As at 31 March 2021, the Group had pledged bank deposit of HK\$5.0 million (31 March 2020: nil).

### **Foreign Currency Exposure**

The majority of the Group's revenue is denominated in Hong Kong dollars and US dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is not material.

### **Capital Commitments and Contingent Liabilities**

As at 31 March 2021, the Group did not have any significant capital commitment and contingent liabilities (31 March 2020: nil).

### **Employees and Remuneration Policies**

As at 31 March 2021, the Group employed 53 staff (including executive Directors) (31 March 2020: 46). The remuneration of the Group's employees generally consists of monthly salary, which is determined based on, among other things, the employees' experience, qualification, position and responsibilities and bonus which is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance. Moreover, the Group provides employees training programs or subsidies employees to attend various job related training courses. Employee benefit expenses primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the executive Directors and employees of the Group.

Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. As disclosed in the prospectus of the Company dated 17 September 2019 (the "Prospectus"), the Company adopted the pre-IPO share option scheme on 6 March 2019 and a post-IPO share option scheme on 10 September 2019 to incentivise and retain staff members who have made contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

### **Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

On 4 May 2020, the Group acquired 99.6% interest in Lohas Holdings Limited at a consideration of approximately HK\$0.8 million. A subsidiary of Lohas Holdings Limited is applying an insurance license and plans to launch and sell insurance products to retail and high net worth clients. On 3 December 2020, the Group acquired 100% interest in Bountiful Sky Limited, a company holding vehicle, at a consideration of HK\$2.85 million.

Save for the above, the Group did not have any material acquisitions and disposals of subsidiaries and capital assets during the Fiscal Year.

## Management Discussion and Analysis (Continued)

### Significant Investments Held by the Group

Up to 31 March 2021, the Group has invested US\$3 million (equivalent to approximately HK\$23.4 million) into Lego Vision Fund SP, a fund under management by the Group, as seed money. Lego Vision Fund SP focuses to invest in a portfolio consisting primarily of equities, bonds and other securities of companies in promising industries with excellent management, business model, products and sound financials for the long-term sustainable growth.

As at 31 March 2021, the Group held 28,807,172 non-voting shares in Lego Vision Fund SP (which represented approximately 44.7% of total non-voting shares of Lego Vision Fund SP) with aggregate value of approximately US\$4.4 million (equivalent to approximately HK\$34.3 million), which represented 10.0% of the total assets of the Company. The net asset value per share in respect of Lego Vision Fund SP was increased from US\$95.99 (equivalent to approximately HK\$748.7) on 1 April 2020, to approximately US\$153.6 (equivalent to approximately HK\$1,198.1) on 31 March 2021, representing an overall positive return of approximately 60.0%.

In view of the concerns on economic and political conditions, it is expected that the market will be, as in 2021, very volatile. However, the portfolio of Lego Vision Fund SP is built according to the mandate for steady absolute return under a controlled standard deviation and the fund manager believes that the performance of Lego Vision Fund SP can outperform in 2021. Accordingly, the Group intends to maintain its investment in Lego Vision Fund SP as a long-term investment.

### Future Plans for Material Investments or Capital Assets

Save for the investments of the Lego Vision Fund SP, the Group did not have any plan for material investments and capital assets as at 31 March 2021.

### Risk Management

The objective of the Group's risk management is to achieve an appropriate balance between risk and return, and reduce the negative impact on its operating results and maximise shareholder's value. The Group's risk management strategy is to identify and analyse the various risks faced by the Group, establish appropriate risk tolerance level, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

### Compliance with Laws and Regulations

During the Fiscal Year, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

### Environmental Policies and Performance

As a responsible corporation, the Group is committed to maintaining the environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment that have a significant impact on the Group in all material aspects. The environmental, social and governance report of the Company prepared in accordance with Appendix 27 to the Listing Rules is set out in the section headed "Environmental, Social and Governance Report" on pages 51 to 63 of this annual report.

## Management Discussion and Analysis (Continued)

### Outlook and Prospect

Global and Asia economy continued to face significant uncertainties due to the global pandemic. Businesses around the world also challenged in different aspects in the way of conducting business, keep employees motivated while ensuring the safety of its employees and customers. A number of factor, such as the progress of vaccination rollout and Sino-US trade dispute will continue to hinder the recovery of the economic activities in most countries. Any adverse market condition or market sentiment may affect clients' decision on the scale, timing and platform in respect of their fund raising needs, which may lead to lower demand for, delay to or termination of fund raising activities and the Group's services.

With the Group's diversified business portfolio which creates synergies between its business lines and the Group's experiences to advise on broad spectrum of corporate transactions which covers not only fund raising activities, but also resumption, restructuring and other corporate actions, the Group remains capable to secure new mandates and maintain a healthy project pipeline. However, the Group's business and revenue may likely be adversely affected if the uncertainties continue to dampen the outlook of the market.

The Group was able to maintain its profitability in the period of market uncertainties during the Fiscal Year. The Group had continued to equip itself for its long-term growth with steps to diversify its income sources and risk while allocating its resources as appropriate in accordance with the market changes.

Looking ahead, it is expected that the economy will resume gradually but maybe in a bumpy manner. The Company will continue to adhere to its strict and prudent risk management and compliance strategy, and take a prudent approach on its business development. The Group will aim to cement its strong reputation as an integrated platform for providing financial and securities services, and leverage its market position to diversify income stream and expand its client base.

The Company will also capitalise on the advantages of being a fully licensed broker in Hong Kong to provide high-quality professional services on corporate finance advisory, securities and financing, and asset management for outstanding enterprises in Asia and around the world. The Group expects to weather the economy uncertainties and aims to create long-term return to its shareholders and investors and endeavor to establish the Company as a top comprehensive financial services institution in the region.

# Directors and Senior Management

## DIRECTORS

### Executive Directors

**Mr. Mui Ho Cheung Gary (“Mr. Mui”)**, aged 46, joined the Group in January 2016. He was appointed as a Director on 21 June 2018 and re-designated as the Chairman, Chief Executive Officer and executive Director of the Company on 25 March 2019. Mr. Mui is also a director of Lego Financial Group Investment Holdings Limited, Lego Corporate Finance Limited, Lego Securities Limited, Lego Asset Management Limited, Lego Asset Management (Cayman) Limited and Lego Funds SPC Limited. Mr. Mui has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since January 2016 and is one of the sponsor principals of Lego Corporate Finance Limited. Mr. Mui is also the chairman of the nomination committee. Mr. Mui is mainly responsible for the overall strategic planning, management, operation and business development of the Group.

Mr. Mui has accumulated over 20 years of experience in the finance and investment banking industries with extensive experience in leading and supervising different types of corporate finance transactions. Prior to joining the Group, he had held senior leadership positions at various licensed corporations. From January 2009 to January 2016, he worked at Quam Capital Limited (now known as China Tonghai Capital Limited) (“Quam Capital”) and his last position was the deputy chief executive officer and a Responsible Officer of Quam Capital for Type 6 (advising on corporate finance) regulated activity. Prior to that, he had worked at Optima Capital Limited (“Optima Capital”) from September 2005 to January 2009 and was a Responsible Officer of Optima Capital for Type 6 (advising on corporate finance) regulated activity, Deloitte & Touche Corporate Finance Limited from August 2000 to September 2005 with his last position as an associate director and Pacific Challenge Capital Limited from August 1999 to August 2000 with his last position as a manager.

Mr. Mui obtained a bachelor’s degree in accounting and finance from The University of New South Wales, Sydney, Australia in April 1997 and has been a Fellow of CPA Australia since February 2019.

**Mr. Liu Chi Wai (“Mr. Liu”)**, aged 46, joined the Group in January 2016. He was appointed as a Director on 25 March 2019 and re-designated as an executive Director on the same day. Mr. Liu is also a director of Lego Corporate Finance Limited. Mr. Liu has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since January 2016 and is one of the sponsor principals of Lego Corporate Finance Limited. Mr. Liu is also a Licensed Representative of Lego Securities Limited for Type 1 (dealing in securities) regulated activity under the SFO since May 2021. Mr. Liu is mainly responsible for the overall management of the Group and supervision and management of the corporate finance advisory business.

Mr. Liu has accumulated over 20 years of experience in the securities and investment banking industries. Prior to joining the Group, he had gained corporate finance advisory experience from various licensed corporations. He worked at Quam Capital from February 2009 to January 2016 and his last position was a director of financial advisory department and a Responsible Officer of Quam Capital for Type 6 (advising on corporate finance) regulated activity. Prior to that, he had worked at Optima Capital from April 2005 to January 2009 with his last position as an associate director, South China Finance and Management Limited from May 2004 to March 2005 with his last position as an assistant manager, Hooray Capital Limited from September 2001 to May 2004 with his last position as an assistant manager; and Pacific Challenge Capital Limited from August 2000 to September 2001 as a corporate finance executive. Prior to that, he had worked at Emperor Securities Limited from July 1997 to March 2000 with his last position as a project officer, during which he worked in the settlement department.

Mr. Liu obtained a bachelor’s degree in business administration (major in management information systems) from the Hong Kong Baptist University in December 1997.

## Directors and Senior Management (Continued)

**Mr. Ng Siu Hin Stanley (“Mr. Ng”)**, aged 40, joined the Group in January 2016. He was appointed as a Director on 25 March 2019 and re-designated as an executive Director on the same day. Mr. Ng is also a director of Lego Corporate Finance Limited. Mr. Ng has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since January 2016 and is one of the sponsor principals of Lego Corporate Finance Limited. Mr. Ng is also a Licensed Representative of Lego Securities Limited for Type 1 (dealing in securities) regulated activity under the SFO since October 2017. Mr. Ng is mainly responsible for the overall management of the Group and supervision and management of the corporate finance advisory business.

Mr. Ng has accumulated over 15 years of diversified experience in the accounting and investment banking industries. Prior to joining the Group, he had worked at Quam Capital from March 2007 to January 2016 and his last position was a director of financial advisory department and a Responsible Officer of Quam Capital for Type 6 (advising on corporate finance) regulated activity. Prior to that, he had worked at PricewaterhouseCoopers from January 2006 to January 2007 as a senior associate and Ernst & Young from November 2003 to December 2005 as a staff accountant in the assurance and advisory business services department.

Mr. Ng obtained a bachelor’s degree in actuarial science from The University of Hong Kong in December 2003. Mr. Ng has been a Fellow member of the Association of Chartered Certified Accountants since June 2012 and a chartered financial analyst of the CFA Institute since August 2015.

**Ms. Ho Sze Man Kristie (“Ms. Ho”)**, aged 39, joined the Group in January 2016. She was appointed as a Director on 25 March 2019 and re-designated as an executive Director on the same day. Ms. Ho is also a director of Lego Corporate Finance Limited. Ms. Ho has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since January 2016 and is one of the sponsor principals of Lego Corporate Finance Limited. Ms. Ho is mainly responsible for the overall management of the Group and supervision and management of the corporate finance advisory business.

Ms. Ho has accumulated over 15 years of experience in the securities and investment banking industries. Prior to joining the Group, she had accumulated securities and corporate finance advisory experience at various licensed corporations. She worked at Celestial Capital Limited from September 2014 to January 2016 and her last position was an executive director of corporate finance of the investment banking group and a Responsible Officer of Celestial Capital Limited for Type 6 (advising on corporate finance) regulated activity. Prior to that, she had worked at Quam Capital from July 2006 to September 2014 with her last position as a director of financial advisory department and a Responsible Officer of Quam Capital for Type 6 (advising on corporate finance) regulated activity. Prior to that, she had worked at Quam Securities Company Limited (now known as China Tonghai Securities Limited) from January 2005 to July 2006 as an analyst; and Platinum Management Services Limited, a company engaged in financial services, from September 2003 to January 2005, and her last position was a research analyst.

Ms. Ho obtained a bachelor’s degree in commerce from The University of British Columbia, Vancouver, British Columbia, Canada in May 2003.

## Directors and Senior Management (Continued)

**Mr. Tang Chun Fai Billy (“Mr. Tang”)**, aged 47, was appointed as an executive Director on 1 April 2020. He joined the Group in December 2018 and is a managing director of Lego Corporate Finance Limited. Since June 2019, Mr. Tang has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO and a Licensed Representative of Lego Securities Limited for Type 1 (dealing in securities) regulated activity under the SFO.

Mr. Tang has over 20 years of experience in the accounting and investment banking industries. Prior to joining the Group, he worked at Goldin Financial Limited from July 2009 to December 2018 and his last position was the director of investment banking division and a Responsible Officer for Type 6 (advising on corporate finance) regulated activity. Prior to that, he had worked at Optima Capital as a Responsible Officer for Type 6 (advising on corporate finance) regulated activity. He had also worked at BOCOM International Holdings Company Limited, Deloitte & Touche Corporate Finance Limited and PricewaterhouseCoopers.

Mr. Tang obtained a bachelor’s degree in business administration from The University of Massachusetts at Amherst, United States, in May 1996.

### Independent Non-executive Directors

**Ms. Lim Yan Xin Reina** (formerly known as Lim Yi Ping (Lin Yiping)) (“**Ms. Lim**”), aged 44, was appointed as an independent non-executive Director on 10 September 2019. She is the chairlady of the audit committee and a member of the remuneration committee and the nomination committee.

Ms. Lim has over 18 years of experience in accounting. During her tenures at the following companies, she was primarily responsible for overseeing the auditing of financial statements of companies, reviewing internal control systems and accounting procedures of companies, or managing daily operations of companies. She joined True Fitness Holdings (Singapore) Pte. Ltd. as the group chief operating officer since July 2017 and was also appointed as the chief financial officer since May 2018. Prior to that, she had worked at Ernst & Young Solutions LLP in Singapore as an executive director from April 2016 to June 2017. From January 2014 to March 2016, she worked at CFO (HK) Limited as a regional director. From July 2007 to September 2013, she worked at Boardroom Corporate Services (HK) Limited as an executive director. From June 2004 to June 2007, she worked at Deloitte & Touche Corporate Finance Limited and her last position was a manager. From June 2002 to May 2004, she worked at Deloitte & Touche Financial Advisory Services Pte Ltd as a senior associate. From January 2000 to June 2002, she worked at Arthur Andersen in Singapore and her last position was a senior.

Ms. Lim obtained a bachelor’s degree in commerce from The University of Queensland in Australia in December 1999 and a graduate diploma from the Institute of Chartered Accountants in Australia in April 2006. She has been a member of the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants since July 2006 and September 2006, respectively.

Ms. Lim was an independent non-executive director of On Real International Holdings Limited (a company listed on GEM (stock code: 8245)) from September 2015 to March 2016.

## Directors and Senior Management (Continued)

**Mr. Poon Lai Yin Michael (“Mr. Poon”)**, aged 49, was appointed as an independent non-executive Director on 10 September 2019. He is the chairman of the remuneration committee and a member of the audit committee and the nomination committee.

Mr. Poon has over 20 years of experience in financial reporting, business advisory, auditing and accounting. Since August 2017, Mr. Poon has been the executive director of Huakang Biomedical Holdings Company Limited (a company listed on GEM (stock code: 8622)). He is the founder and has been a director of Integrity Partners Capital Company Limited since April 2013. From November 2000 to March 2002, he worked at Arthur Andersen & Co. as a senior accountant. From February 2000 to November 2000, he worked at K. L. Lee & Partners C.P.A. Limited as an audit senior. From March 1997 to June 1999, he worked at Ho & Au Yeung and his last position was an audit semi-senior. From March 1995 to February 1997, he worked at Chan Chak Chung & Co. and his last position was an audit senior.

Since June 2019, Mr. Poon has been an independent non-executive director of Niche-Tech Group Limited (a company listed on GEM (stock code: 8490)). Since March 2019, Mr. Poon has been an independent non-executive director of Teamway International Group Holdings Limited (a company listed on the Main Board (stock code: 1239)). Mr. Poon has also been an independent non-executive director of Cityneon Holdings Limited (a company previously listed on the main board of the Singapore Exchange Limited) since August 2017. Since January 2010, he has been an independent non-executive director of Smartac Group China Holdings Limited (a company listed on the Main Board (stock code: 395)). Mr. Poon has also been an independent non-executive director of China Uptown Group Company Limited (a company listed on the Main Board (stock code: 2330)) since November 2006.

Mr. Poon obtained a bachelor’s degree in administrative studies from York University, Canada in June 1995 and a master’s degree in practising accounting from Monash University, Australia in July 1998. Mr. Poon has been a Fellow member of the Hong Kong Institute of Certified Public Accountant since July 2009, and a member of CPA Australia since March 2000. Mr. Poon passed the qualification examination of Asset Management Association of China (中國證券投資基金業協會從業資格考試) in 2016.

## Directors and Senior Management (Continued)

**Dr. Wong Ho Ki (“Dr. Wong”)**, aged 43, was appointed as an independent non-executive Director on 10 September 2019. He is a member of the audit committee, the nomination committee and the remuneration committee.

Dr. Wong has approximately 12 years of experience in the academic sector and over 6 years of experience in the legal industry. He joined Simon C. W. Yung & Co. in August 2012 as a trainee solicitor and is now a solicitor of the firm and currently practises civil and criminal litigation. From March 2009 to August 2009, he worked at Simon C. W. Yung & Co. as a litigation clerk. From August 2007 to December 2008, he worked at The Chinese University of Hong Kong as a research associate. From August 2006 to August 2007, he worked at The Hong Kong Polytechnic University as a lecturer. Dr. Wong also worked as a part-time instructor at the School of Continuing and Professional Studies, The Chinese University of Hong Kong, from August 2004 to January 2016.

Dr. Wong obtained a bachelor of arts degree (major in philosophy) in November 2001, a master of philosophy degree in December 2003 and a doctor of philosophy degree in December 2006 from The Chinese University of Hong Kong. Dr. Wong also obtained a juris doctor degree in December 2011 and the postgraduate certificate in laws in July 2012 from The Chinese University of Hong Kong. He was admitted as a solicitor of Hong Kong in September 2014.

### SENIOR MANAGEMENT

**Mr. Choy Kwong Wa Christopher (“Mr. Choy”)**, aged 57, joined the Group in August 2018 and is the chief investment officer of Lego Asset Management Limited. Mr. Choy is also a director of Lego Asset Management (Cayman) Limited and Lego Funds SPC Limited. Mr. Choy has acted as a Responsible Officer of Lego Asset Management Limited for Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO since 1 March 2019. Mr. Choy is mainly responsible for managing the asset management business of the Group.

Mr. Choy accumulated over 25 years of experience in the asset management and investment industry, during which he managed client portfolios and provided investment advice. Prior to joining the Group, he worked at Oceanwide Asset Management Limited (formerly known as Quam Asset Management Limited and now known as China Tonghai Asset Management Limited) from March 2006 to July 2018 and his last position was the chief investment officer and a Responsible Officer for Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Prior to that, he was a director of Pacific World Asset Management Limited (“Pacific World”), a then licensed corporation to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities, from February 1993 to February 2011. From April 2003 to October 2005, he served as a Responsible Officer of Pacific World for Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

Mr. Choy obtained a bachelor’s degree in design and technology from the Loughborough University of Technology, the United Kingdom in July 1990 and a master of business administration from the Asia International Open University, Macau in May 1995.

## Directors and Senior Management (Continued)

**Mr. Lam Yau Lun (“Mr. Lam”)**, aged 38, joined the Group in March 2018 and was appointed as chief financial officer and company secretary on 25 March 2019. Mr. Lam is mainly responsible for overseeing the financial and secretarial matters of the Group.

Mr. Lam has over 15 years of experience in the accounting, corporate finance and investment banking industries. Prior to joining the Group, he worked at a Fortune Global 500 corporation, which is a leader in the food and pharmacy industry in Canada, from July 2016 to September 2017 with his last position as a senior manager, primarily responsible for financial reporting. Mr. Lam performed corporate finance advisory works at Deloitte & Touche Corporate Finance Limited from September 2012 to November 2015 with his last position as an associate director, and Quam Capital from March 2010 to August 2012 with his last position as a manager. Mr. Lam also gained accounting experience from Deloitte Touche Tohmatsu from August 2004 to July 2008, with his last position as a senior in the audit department.

Mr. Lam obtained a bachelor’s degree in business administration (major in accounting and economics) from The Hong Kong University of Science and Technology in November 2004. He also obtained master’s degrees in business administration from HEC Paris in May 2010 and The Chinese University of Hong Kong in December 2010. Mr. Lam has been a Fellow member of the Hong Kong Institute of Certified Public Accountants since July 2015 and a member of the Chartered Professional Accountants of Ontario, Canada since June 2015.

Mr. Lam was an independent non-executive director of Season Pacific Holdings Limited (now known as DL Holdings Group Limited) (a company formerly listed on GEM (stock code: 8127) and currently listed on the Main Board (stock code: 1709)) from May 2017 to May 2018.

**Ms. Lau Pui Yu (“Ms. Lau”)**, aged 38, joined the Group in March 2016 and is the head of compliance of the Group. Ms. Lau is mainly responsible for overseeing the compliance matters of the Group. Ms. Lau is a Licensed Representative of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since March 2016.

Ms. Lau has approximately nine years of experience in the corporate finance and investment banking industries and approximately five years of experience in compliance. Prior to joining the Group, she worked in the corporate finance and investment banking industries at several licensed corporations, which include (i) Deloitte & Touche Corporate Finance Limited for the period from July 2015 to March 2016 as an associate director; (ii) Quam Capital for the period from August 2012 to July 2015 with her last position as a senior manager; (iii) Guotai Junan Capital Limited for the period from June 2011 to August 2012 as a manager; (iv) Deloitte & Touche Corporate Finance Limited for the period from November 2010 to June 2011 as a manager; and (v) Optima Capital for the period from January 2007 to October 2010 with her last position as a manager.

Ms. Lau obtained a bachelor’s degree in business administration from The Chinese University of Hong Kong in December 2006 and a master’s degree of laws in compliance and regulation from The University of Hong Kong in November 2019.

## Directors and Senior Management (Continued)

**Mr. Li Wing Chung (“Mr. Li”)**, aged 37, joined the Group in January 2017 and is a director of Lego Securities Limited. Mr. Li has acted as a Responsible Officer of Lego Securities Limited for Type 1 (dealing in securities) regulated activity under the SFO since 19 January 2017 and a Responsible Officer of Lego Asset Management Limited for Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO since 13 July 2020. Mr. Li is mainly responsible for managing the daily operations of the underwriting and securities businesses of the Group.

Mr. Li has approximately ten years of experience in the securities and futures industry, during which he was responsible for dealing in and advising on securities and futures. Prior to joining the Group, he worked at Brilliant Norton Securities Company Limited from October 2015 to January 2017 and his last position was a Responsible Officer for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. Prior to that, he spent approximately 5 years at Phillip Securities (Hong Kong) Limited and Haitong International Securities Company Limited.

Mr. Li obtained a bachelor’s degree in social policy and administration from The Hong Kong Polytechnic University.

### COMPANY SECRETARY

**Mr. Lam Yau Lun**, aged 38, was appointed as the company secretary of the Company on 25 March 2019. For details of his education and experience, please refer to the paragraph headed “SENIOR MANAGEMENT” above.

# Directors' Report

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Fiscal Year.

## SHARE OFFER

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 June 2018, the shares of which were listed on the Main Board of the Stock Exchange on 30 September 2019 (the "Listing Date").

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the provision of corporate finance advisory services, securities and financing services and asset management services. The analysis of the Group's revenue by each service are set out in note 6 to the consolidated financial statements of this annual report.

## RESULTS

The results of the Group for the Fiscal Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 70 and 71 of this annual report.

## FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the year ended 31 March 2021 (2020: HK\$0.049 per share).

## CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "AGM") is scheduled to be held on Thursday, 12 August 2021. The register of members of the Company will be closed from Monday, 9 August 2021 to Thursday, 12 August 2021, both days inclusive, in order to determine the identity of the shareholders of the Company (the "Shareholder(s)") who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on Friday, 6 August 2021.

## BUSINESS REVIEW

The business review and performance analysis of the Group for the Fiscal Year and other information as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is set out in the section headed "Chairman's Statement" on page 4 of this annual report, the section headed "Management Discussion and Analysis" from pages 5 to 12 of this annual report and this report. A description of the Group's future business development is set out in the section headed "Chairman's Statement" on page 4 of this annual report and the paragraph headed "Management Discussion and Analysis — Outlook and Prospect" on page 12 of this annual report.

## FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report. This summary does not form part of the audited consolidated financial statements.

## USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on 30 September 2019. Net proceeds (after deducting the underwriting fees and estimated expenses payable by the Company) from the share offer amounted to approximately HK\$99.1 million. Accordingly, the Group adjusted the use of proceeds in the same manner as stated in the Prospectus. The details of application of net proceeds from the share offer are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the share offer (HK\$ million)	Utilised up to 31 March 2021 (HK\$ million)	Unutilised as at 31 March 2021 (HK\$ million)	Expected timeline of full utilisation of the unutilised proceeds
Increase capital base for underwriting business	56.8%	56.3	56.3	–	Fully utilised
Expand equity capital markets (ECM) team	4.1%	4.1	0.8	3.3	By the end of financial year ending 31 March 2022
Invest seed money for new fund under the asset management business	13.6%	13.5	11.7	1.8	By the end of financial year ending 31 March 2022
Increase capital base for the securities financing business	9.1%	9.0	9.0	–	Fully utilised
Expand corporate finance advisory team	6.4%	6.3	0.9	5.4	By the end of financial year ending 31 March 2022
Working capital and general corporate purposes	10.0%	9.9	9.9	–	Fully utilised
<b>Total</b>	<b>100.0%</b>	<b>99.1</b>	<b>88.6</b>	<b>10.5</b>	

The unutilised net proceeds are placed in licensed banks in Hong Kong as at 31 March 2021.

## Directors' Report (Continued)

### MAJOR CUSTOMERS AND SUPPLIERS

#### Major Customers

For the Fiscal Year, the transaction amounts of the Group's top five customers accounted for 26.2% (2020: 27.4%) of the Group's total revenues while the transaction amounts of the single largest customer accounted for 8.5% (2020: 8.0%) of the Group's total revenues.

During the Fiscal Year, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers of the Group.

#### Major Suppliers

Due to the nature of the principal business activities of the Group, the Group has no major suppliers.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group during the Fiscal Year are set out in note 14 to the consolidated financial statements of this annual report.

### SHARE CAPITAL

Details of movements in the Company's share capital during the Fiscal Year are set out in note 29 to the consolidated financial statements of this annual report.

### RESERVES

Details of the movements in the reserves of the Company and the Group during the Fiscal Year are set out in the consolidated statement of changes in equity on pages 74 and 75 of this annual report and note 30 to the consolidated financial statements of this annual report.

### DISTRIBUTABLE RESERVES

As at 31 March 2021, the Company did not have reserves available for distribution (as at 31 March 2020: nil).

### TAX RELIEF

The Company is not aware of any relief on taxation to the Shareholders by reasons of their holdings of the Shares. If the Shareholders are unsure about the taxation implication of purchasing, holding, disposing of, dealing in, or exercise of any rights in relation to the Shares, they are advised to consult their professional advisers.

### **BANK LOANS AND OTHER BORROWINGS**

As at 31 March 2021, the Group had outstanding bank borrowings of HK\$5.0 million and had short-term margin financing incurred by the fund under management of approximately HK\$18.4 million. Particulars of the bank borrowings and margin financing incurred by the fund under management as of 31 March 2021 are set out in notes 28 and 23 to the consolidated financial statements of this annual report respectively.

### **DIRECTORS**

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

#### **Executive Directors:**

Mr. Mui Ho Cheung Gary (*Chairman and Chief Executive Officer*)  
Mr. Liu Chi Wai  
Mr. Ng Siu Hin Stanley  
Ms. Ho Sze Man Kristie  
Mr. Tang Chun Fai Billy (appointed on 1 April 2020)

#### **Independent Non-executive Directors:**

Ms. Lim Yan Xin Reina  
Mr. Poon Lai Yin Michael  
Dr. Wong Ho Ki

In accordance with the Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

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

Accordingly, Ms. Ho Sze Man Kristie, Ms. Lim Yan Xin Reina and Dr. Wong Ho Ki shall retire by rotation at the AGM and they being eligible, offer themselves for re-election.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders.

### **DIRECTORS AND SENIOR MANAGEMENT**

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 13 to 19 of this annual report.

## Directors' Report (Continued)

### **CHANGES TO DIRECTORS' INFORMATION**

There is no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the interim report for the six months ended 30 September 2020 of the Company.

### **CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received from each of the independent non-executive Directors a confirmation of her/his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent during the Fiscal Year and up to the date of this annual report.

### **DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS**

Each of Mr. Mui Ho Cheung Gary, Mr. Liu Chi Wai, Mr. Ng Siu Hin Stanley and Ms. Ho Sze Man Kristie, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Mr. Tang Chun Fai Billy, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from 1 April 2020 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Each of the independent non-executive Directors, namely Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki, has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date and shall be automatically renewed thereafter unless terminated by either party by giving at least one month's prior notice in writing or otherwise in accordance with the terms and conditions of the letter of appointment.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

Save as disclosed in notes 18, 31, 35, 37 and 41 to the consolidated financial statements of this annual report, none of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 March 2021 and up to the date of this annual report.

### **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 existed during the Fiscal Year and up to the date of this annual report.

### **EMOLUMENT POLICY**

A remuneration committee of the Company was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors, and the five highest paid individuals during the Fiscal Year are set out in note 9 to the consolidated financial statements of this annual report.

### **RETIREMENT AND EMPLOYEE BENEFITS SCHEME**

Details of the retirement and employee benefits scheme of the Company are set out in notes 31 and 33 to the consolidated financial statements of this annual report.

## Directors' Report (Continued)

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

#### (i) Interests in the Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Mr. Mui Ho Cheung Gary ("Mr. Mui")	Interest of a controlled corporation <sup>(3)</sup>	299,492,188 (L)	73.77%
	Beneficial owner <sup>(4)</sup>	4,763,452 (L)	1.17%
Mr. Liu Chi Wai ("Mr. Liu")	Beneficial owner <sup>(5)</sup>	1,732,165 (L)	0.43%
Mr. Ng Siu Hin Stanley ("Mr. Ng")	Beneficial owner <sup>(6)</sup>	1,732,165 (L)	0.43%
Ms. Ho Sze Man Kristie ("Ms. Ho")	Beneficial owner <sup>(7)</sup>	1,732,165 (L)	0.43%
Mr. Tang Chun Fai Billy ("Mr. Tang")	Beneficial owner <sup>(8)</sup>	909,387 (L)	0.22%

Notes:

- (1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.
- (2) There were 405,962,965 Shares in issue as at 31 March 2021.
- (3) Mr. Mui legally and beneficially owns approximately 90.38% of the issued shares of Lego Financial Group Limited and is its sole director. Accordingly, Mr. Mui is deemed to be interested in the 299,492,188 Shares held by Lego Financial Group Limited by virtue of the SFO.
- (4) Mr. Mui is interested in the 4,763,452 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the pre-IPO share option scheme approved and adopted by the Company on 6 March 2019 ("Pre-IPO Share Option Scheme").
- (5) Mr. Liu is interested in the 1,732,165 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.
- (6) Mr. Ng is interested in the 1,732,165 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.
- (7) Ms. Ho is interested in the 1,732,165 underlying Shares which may be allotted and issued to her upon full exercise of all the options granted to her under the Pre-IPO Share Option Scheme.
- (8) Mr. Tang is interested in the 909,387 underlying Shares which may be allotted and issued to him upon full exercise of all the outstanding options granted to him under the Pre-IPO Share Option Scheme.

### (ii) Interests in the shares of the associated corporation

Name of Director	Associated corporation	Capacity/ Nature of Interest	Number of Shares held <sup>(1)</sup>	Approximate percentage of shareholding in the associated corporation
Mr. Mui	Lego Financial Group Limited	Beneficial owner	8,450 (L)	90.38%
Mr. Liu	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Mr. Ng	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Ms. Ho	Lego Financial Group Limited	Beneficial owner	100 (L)	1.07%

Note:

(1) The letter "L" denotes the person's long position in the relevant shares of the associated corporation.

Save as disclosed above, as at 31 March 2021, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be 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.

### **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as otherwise disclosed in this annual report, at no time during the Fiscal Year was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate, or had exercised any such right.

## Directors' Report (Continued)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2021, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares/ underlying Shares held/interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Lego Financial Group Limited	Beneficial owner	299,492,188 (L)	73.77%
Ms. Ki Sin Yee Cindy ("Ms. Ki")	Interest of spouse <sup>(3)</sup>	304,255,640 (L)	74.95%
Mr. Wong Wing Shing	Beneficial owner	20,820,312 (L)	5.13%

Notes:

- (1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.
- (2) There were 405,962,965 Shares in issue as at 31 March 2021.
- (3) Ms. Ki is the spouse of Mr. Mui and is therefore deemed to be interested in all the Shares and underlying Shares that Mr. Mui is interested in by virtue of the SFO.

Save as disclosed above, as at 31 March 2021, the Directors were not aware of any persons (who were not Directors or chief executive 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 would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

### SHARE OPTION SCHEMES

#### (a) Pre-IPO Share Option Scheme

The Company has conditionally adopted the Pre-IPO Share Option Scheme, which was approved by the written resolution of the then sole shareholder passed on 6 March 2019.

##### (i) Purpose of the Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, certain staff of the Group who have contributed and/or will contribute to the Group, in order to motivate and retain them for the operation and development of the Group.

##### (ii) Who may join

The Pre-IPO Share Option is available to any individual(s) (the "Participant(s)") being a full-time or part-time employee or officer (including any executive or non-executive directors but excluding independent non-executive directors) of the Company or any of its subsidiaries. The Board shall be entitled to offer any Participant(s) who, as the Board may determine in its absolute discretion, has made and/or will make valuable contribution to the business of the Group, option(s) under the Pre-IPO Share Option Scheme.

##### (iii) Period of the Pre-IPO Share Option Scheme

The Board shall be entitled but shall not be bound at any time and from time to time during the period commencing from the adoption date of the Pre-IPO Share Option Scheme to 8 September 2019 (the "Scheme Period"), being the latest practicable date of the Prospectus, to grant options to not more than 50 grantees under the Pre-IPO Share Option Scheme. No further options shall be granted under the Pre-IPO Share Option Scheme after the expiry of the Scheme Period but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Scheme Period shall continue to be valid and exercisable in accordance with the terms of the Pre-IPO Share Option Scheme.

##### (iv) Maximum number of Shares

The maximum number of the Shares with respect to which options may be granted under the Pre-IPO Share Option Scheme shall be 34,000,000 Shares, representing 8.38% of the total number of issued shares of the Company (i.e. 405,794,080) as at the Listing Date and excluding any Shares which may be issued upon the exercise of any options granted or which may be granted under the Share Option Schemes.

##### (v) Subscription price for Shares

The price per Share at which a grantee may subscribe for Shares on the exercise of an option granted under the Pre-IPO Share Option Scheme (the "Subscription Price") shall be HK\$0.6 per Share (excluding any commission and charges).

##### (vi) Acceptance of an option and personal rights to grantee

- (a) The grant shall remain open for acceptance by the grantee (in whole or in part) for a period of five days from the grant date, provided that no such grant shall be open for acceptance after the expiry of the Scheme Period or after the Pre-IPO Share Option Scheme has been terminated. A consideration of HK\$1 is payable for each acceptance of grant of option(s) which is not refundable.
- (b) An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel the relevant grantee's outstanding option(s) in whole or in part.

## Directors' Report (Continued)

### (vii) Exercise and vesting period

An option may be exercised in whole or in part (but if in part only, in respect of a board lot or an integral multiple thereof) and an option shall vest unto a grantee and may be exercised by the grantee during the option period (the "Option Period"), being a period commencing from the Listing Date (i.e. 30 September 2019) and ending on 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme, and in accordance with the manner provided in the grant letter of the option issued by the Company to the grantee subject to any adjustments under the Pre-IPO Share Option Scheme. The options shall only be exercised in the following manner:

- (a) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing from the Listing Date and ending on the day immediately before the first anniversary of the Listing Date (the "First Vesting Period");
- (b) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing on the day falling on the first anniversary of the Listing Date and ending on the day immediately before the second anniversary of the Listing Date (the "Second Vesting Period"); and
- (c) the remaining Shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 13,600,000 Shares, representing not more than 40% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) shall vest unto the grantees and become exercisable during the period commencing on the day falling on the second anniversary of the Listing Date and ending on the day immediately before the third anniversary of the Listing Date (the "Third Vesting Period"). For the avoidance of doubt, any outstanding and unexercised option(s) at the end of the First Vesting Period shall be carried over to the Second Vesting Period and shall be exercisable during the Second Vesting Period. Any outstanding and unexercised option(s) at the end of the Second Vesting Period shall be carried over to the Third Vesting Period and shall be exercisable during the Third Vesting Period and until the end of the Option Period.

### (viii) Total number of Shares available for issue under the Pre-IPO Share Option Scheme

The total number of Shares available for issue under the Pre-IPO Share Option Scheme is 19,854,950 Shares, representing approximately 4.9% of the total number of issued Shares (i.e. 405,962,965) as at the date of this annual report.

## Directors' Report (Continued)

Details of the interests of the Directors, chief executive, senior management and other employees of the Group in the options under the Pre-IPO Share Option Scheme are set out below:

Name of grantee	Date of grant	Exercise period	Subscription price per Share (HK\$)	Number of Shares in relation to outstanding options as at 1 April 2020	Granted during the Fiscal Year	Exercised during the Fiscal Year	Cancelled during the Fiscal Year	Lapsed during the Fiscal Year	Number of Shares in relation to outstanding options as at 31 March 2021
<b>Directors</b>									
Mr. Mui	6 March 2019	First Vesting Period	0.6	1,429,035	-	-	-	-	1,429,035
		Second Vesting Period	0.6	1,429,035	-	-	-	-	1,429,035
		Third Vesting Period	0.6	1,905,382	-	-	-	-	1,905,382
Mr. Liu	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
		Third Vesting Period	0.6	692,867	-	-	-	-	692,867
Mr. Ng	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
		Third Vesting Period	0.6	692,867	-	-	-	-	692,867
Ms. Ho	6 March 2019	First Vesting Period	0.6	519,649	-	-	-	-	519,649
		Second Vesting Period	0.6	519,649	-	-	-	-	519,649
		Third Vesting Period	0.6	692,867	-	-	-	-	692,867
Mr. Tang	6 March 2019	First Vesting Period	0.6	-	-	-	-	-	-
		Second Vesting Period	0.6	389,737	-	-	-	-	389,737
		Third Vesting Period	0.6	519,650	-	-	-	-	519,650
<b>Subtotal</b>				<b>10,869,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,869,334</b>
Senior management and other employees in aggregate	6 March 2019	First Vesting Period	0.6	662,551	-	-	-	(207,858)	454,693
		Second Vesting Period	0.6	5,508,273	-	-	-	(1,636,892)	3,871,381
		Third Vesting Period	0.6	7,344,410	-	-	-	(2,702,189)	4,642,221
Other participant	6 March 2019	First Vesting Period	0.6	194,868	-	-	-	-	194,868
		Second Vesting Period	0.6	194,868	-	-	-	-	194,868
		Third Vesting Period	0.6	259,826	-	-	-	-	259,826
<b>Total</b>				<b>25,034,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,546,939)</b>	<b>20,487,191</b>

## Directors' Report (Continued)

During the Fiscal Year, none of the options was exercised.

### **(b) Share Option Scheme**

The Company has adopted the share option scheme (the "Share Option Scheme"), which was approved by the written resolutions of the then Shareholders passed on 10 September 2019 and became effective on the Listing Date.

#### **(i) Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to enable the Board to grant options to Eligible Persons (as defined below) as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group.

#### **(ii) Who may join**

Subject to the provisions in the Share Option Scheme, the Directors may at any time and from time to time within a period of 10 years commencing from the date of adoption of the Share Option Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK\$1 per option, to grant option to any person belonging to the following classes of participants (the "Eligible Person(s)"):

- (a) any employee or proposed employee (whether full-time or part-time, including any director) of any member of the Group or invested entity; and
- (b) any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of the Group or any invested entity.

#### **(iii) Maximum number of Shares**

- (a) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.
- (b) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 40,000,000 Shares, being 10% of the total number of Shares (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised) in issue on the Listing Date (the "Scheme Limit") unless approved by the Shareholders pursuant to sub-paragraph (d) below. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Limit.

## Directors' Report (Continued)

- (c) The Company may seek separate approval of the Shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

For the purpose of seeking the approval of Shareholders, a circular containing the information as required under the Listing Rules shall be sent by the Company to the Shareholders.

- (d) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Limit provided that the options in excess of the Scheme Limit are granted only to Eligible Persons specifically identified by the Company before such approval is sought and that the proposed grantee(s) and his/her close associates (or his/her associates if the proposed grantee is a connected person) shall abstain from voting in the general meeting. For the purpose of seeking the approval of the Shareholders, the Company shall send a circular to the Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and any other information as required under the Listing Rules.

#### (iv) Maximum entitlement of each Eligible Person

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue from time to time (the "Participant Limit"), unless:

- (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the Eligible Person and his/her close associates shall abstain from voting;
- (b) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the Eligible Person), the number and terms of the options to be granted and options previously granted to such Eligible Person); and
- (c) the number and terms (including the subscription price) of such option are fixed before the Shareholders' approval is sought.

## Directors' Report (Continued)

### (v) Grant of options to connected persons

- (a) Any grant of options to any Director, chief executive, or substantial Shareholder (excluding the proposed director or chief executive) of the Company or any of their respective associates shall be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is any offeree of an option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.
- (b) Where an option is to be granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK\$5 million (or such other amount as may from time to time be specified by the Stock Exchange), such grant shall not be valid unless: (aa) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including, in particular, a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of an option) to the independent Shareholders as to voting); and (bb) the grant has been approved by the independent Shareholders in general meeting (taken on a poll), at which the proposed grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour of the grant.
- (c) Where any change is to be made to the terms of any option granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless the change has been approved by the independent Shareholders in general meeting as required under sub-paragraph (b) above.

### (vi) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an Eligible Person (in whole or in part) within the date as specified in the offer letter issued by the Company, being a date not later than 21 days inclusive of, and from, the date upon which it is made, by which the Eligible Person must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme or after the termination of the Share Option Scheme, and no such offer may be accepted by a person who ceases to be an Eligible Person after the offer has been made.

An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the Eligible Person, together with a payment in favour of the Company of HK\$1 per option by way of consideration for the grant thereof is delivered to the Company. Such consideration shall in no circumstances be refundable. Subject to the rules of the Share Option Scheme, option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such 10-year period.

### (vii) Subscription price for Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Where an option is to be granted, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option. For the purpose of calculating the subscription price, where an option is to be granted less than five trading days after the listing of the Shares on the Stock Exchange, the new issue price shall be taken to be the closing price for any business day within the period before listing.

### (viii) Period of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted. All options granted and accepted and remaining unexercised immediately prior to expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

### (ix) Total number of Shares available for issue under the Share Option Scheme

The total number of Shares available for issue under the Share Option Scheme is 6,958,946 Shares, representing approximately 1.7% of the total number of issued Shares (i.e. 405,962,965) as at the date of this annual report.

Since the adoption of the Share Option Scheme and up to 31 March 2021, no option had been granted or agreed to be granted by the Company under the Share Option Scheme. Subsequent to the Fiscal Year, the Company granted a total of 4,000,000 options on 1 April 2021 to Mr. Mui, and the exercise price per Share was HK\$0.285. For details, please refer to the announcement of the Company dated 1 April 2021.

## EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed "SHARE OPTION SCHEMES" above, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Fiscal Year.

## PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

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

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

## Directors' Report (Continued)

### **RELATED PARTY TRANSACTIONS AND EXEMPT CONTINUING CONNECTED TRANSACTIONS**

Related party transactions entered into by the Group for the year ended 31 March 2021 are disclosed in note 37 to the consolidated financial statements of this annual report. These transactions were conducted in accordance with terms as agreed between the Group and the respective related parties.

During the year ended 31 March 2021, the Group had provided securities brokerage and/or financing services to Mr. Mui and Mr. Tang, all being connected persons of the Company (the "Transactions"). The Transactions fall under the definition of "connected transaction" or "continuing connected transactions" under Chapter 14A of the Listing Rules, but are fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

On 3 December 2020, the Group acquired all equity interest from Mr. Mui in Bountiful Sky Limited at a consideration of HK\$2.85 million (the "Acquisition"). The Acquisition falls under the definition of "connected transaction" under Chapter 14A of the Listing Rules, but is fully exempted from shareholders' approval and all disclosure requirements under Chapter 14A of the Listing Rules.

Save for the Transactions and the Acquisition, no other related party transactions as disclosed in note 37 to the consolidated financial statements of this annual report falls under the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules.

### **CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS**

Save as disclosed in notes 18, 31, 35 and 37 to the consolidated financial statements of this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling Shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling Shareholders or their subsidiaries, during the Fiscal Year.

### **DONATIONS**

During the Fiscal Year, no charitable and other donations was made by the Group.

### **MATERIAL LEGAL PROCEEDINGS**

During the Fiscal Year, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

### **PERMITTED INDEMNITY PROVISIONS**

Under the Articles of Association, every director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office; be indemnified and secured harmless out of the assets of the Company; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The Company has arranged appropriate insurance cover in respect of legal action against the Directors and its officers.

### EVENTS AFTER THE FISCAL YEAR

Details of significant events occurring after the Fiscal Year are set out in note 41 to the consolidated financial statements of this annual report.

### AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has, together with the Board and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended 31 March 2021.

### CORPORATE GOVERNANCE

The Company is committed to maintaining high level of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 38 to 50 of this annual report.

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public at any time during the Fiscal Year and up to the date of this annual report.

### AUDITOR

BDO Limited was appointed as auditor of the Company for the year ended 31 March 2021. BDO Limited has audited the accompanying financial statements which were prepared in accordance with the Hong Kong Financial Reporting Standards.

BDO Limited is subject to retirement and, being eligible, offers itself for re-appointment at the AGM. A resolution for re-appointment of BDO Limited as auditor will be proposed at the AGM.

By order of the Board

**Mui Ho Cheung Gary**  
*Chairman of the Board*

Hong Kong, 24 June 2021

# Corporate Governance Report

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Save as disclosed in this annual report, the Company has complied with all applicable code provisions under the CG Code for the Fiscal Year. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## THE BOARD

### Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group’s strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company’s affairs, the Board has established three Board committees, including the Audit Committee, the remuneration committee (the “Remuneration Committee”) and the nomination committee (the “Nomination Committee”) (collectively, the “Board Committees”). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

### Board Composition

As at the date of this annual report, the Board comprised five executive Directors and three independent non-executive Directors as set out below:

#### *Executive Directors:*

Mr. Mui Ho Cheung Gary

Mr. Liu Chi Wai

Mr. Ng Siu Hin Stanley

Ms. Ho Sze Man Kristie

Mr. Tang Chun Fai Billy (appointed on 1 April 2020)

#### *Independent Non-executive Directors:*

Ms. Lim Yan Xin Reina

Mr. Poon Lai Yin Michael

Dr. Wong Ho Ki

The biographies of the Directors are set out under the section headed “Directors and Senior Management” of this annual report.

## Corporate Governance Report (Continued)

During the Fiscal Year, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

During the Fiscal Year, the Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

### **Board Diversity Policy**

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to business growth. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and the Company will disclose the implementation of the Board Diversity Policy in its corporate governance report on an annual basis.

## Corporate Governance Report (Continued)

### Induction and Continuous Professional Development

Each newly appointed Directors would be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide the Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Based on the information provided by the Directors, during the Fiscal Year, a summary of training received by the Directors is as follows:

<b>Name of Directors</b>	<b>Nature of Continuous Professional Development</b>
<i>Executive Directors</i>	
Mr. Mui Ho Cheung Gary	A, C and D
Mr. Liu Chi Wai	A, C and D
Mr. Ng Siu Hin Stanley	A, C and D
Ms. Ho Sze Man Kristie	A, B, C and D
Mr. Tang Chun Fai Billy (appointed on 1 April 2020)	A, C and D
<i>Independent Non-executive Directors</i>	
Ms. Lim Yan Xin Reina	D
Mr. Poon Lai Yin Michael	A, B, C and D
Dr. Wong Ho Ki	D

Notes:

A: attending seminars and/or conferences and/or forums and/or briefings

B: making speeches at seminars and/or conferences and/or forums

C: participating in training provided by law firms and that relating to the business of the Company

D: reading materials on various topics, including corporate governance matters, directors' duties and responsibilities, Listing Rules and other relevant laws

### **Chairman and Chief Executive Officer**

Under code provision A.2.1 of the CG Code, which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Mui Ho Cheung Gary currently holds both positions. Mr. Mui, an executive Director and controlling Shareholder, has held key leadership position of the Group since March 2016 and has been responsible for overall strategic planning, management, operation and business development of the Group. The Directors (including the independent non-executive Directors) consider that Mr. Mui is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Group and the Shareholders as a whole.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the “comply or explain” principle in the corporate governance report which will be included in the annual reports.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, legal, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the Board members.

### **Appointment and Re-Election of Directors**

Each of Mr. Mui Ho Cheung Gary, Mr. Liu Chi Wai, Mr. Ng Siu Hin Stanley and Ms. Ho Sze Man Kristie, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Mr. Tang Chun Fai Billy, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from 1 April 2020 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Each of the independent non-executive Directors, namely Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki, has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date and shall be automatically renewed thereafter unless terminated by either party by giving at least one month's prior notice in writing or otherwise in accordance with the terms and conditions of the letter of appointment.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract or letter of appointment with the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Pursuant to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Pursuant to Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

## Corporate Governance Report (Continued)

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-appointment of Directors and succession plans for the Directors.

### Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or Board Committee members at least three days before the regular meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by the Directors.

The Board convened four meetings during the Fiscal Year. The attendance of each Director at the Board meetings is set out below:

<b>Name of Directors</b>	<b>Number of meetings attended/held</b>
<i>Executive Directors</i>	
Mr. Mui Ho Cheung Gary	4/4
Mr. Liu Chi Wai	4/4
Mr. Ng Siu Hin Stanley	4/4
Ms. Ho Sze Man Kristie	4/4
Mr. Tang Chun Fai Billy (appointed on 1 April 2020)	4/4
<i>Independent Non-executive Directors</i>	
Ms. Lim Yan Xin Reina	4/4
Mr. Poon Lai Yin Michael	4/4
Dr. Wong Ho Ki	4/4

## Corporate Governance Report (Continued)

### General Meetings

During the Fiscal Year, the annual general meeting of the Company was held on 10 August 2020. The attendance of each Directors is set out as follows.

<b>Name of Directors</b>	<b>Number of meetings attended/held</b>
<i>Executive Directors</i>	
Mr. Mui Ho Cheung Gary	1/1
Mr. Liu Chi Wai	1/1
Mr. Ng Siu Hin Stanley	1/1
Ms. Ho Sze Man Kristie	1/1
Mr. Tang Chun Fai Billy (appointed on 1 April 2020)	1/1
<i>Independent Non-executive Directors</i>	
Ms. Lim Yan Xin Reina	1/1
Mr. Poon Lai Yin Michael	1/1
Dr. Wong Ho Ki	1/1

### Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions since the Listing Date. Having made specific enquiry with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the Fiscal Year.

### Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control, compliance and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. The Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into.

## Corporate Governance Report (Continued)

### Corporate Governance Function

The Board confirmed that corporate governance is a collective responsibility of the Directors, which corporate governance functions includes:

- (a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters; and
- (e) to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

### BOARD COMMITTEES

#### Audit Committee

The Audit Committee comprises three members, namely Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki, being all independent non-executive Directors. The Audit Committee is chaired by Ms. Lim Yan Xin Reina.

The principal duties of the Audit Committee include the following:

1. Being primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and considering any questions of its resignation or dismissal;
2. Monitoring integrity of the Group's financial statements, annual reports and accounts, half year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them;
3. Reviewing the Group's financial controls, risk management and internal control systems; and
4. Discussing the risk management and internal control systems with the senior management ensuring that the senior management has performed its duties to have effective systems. This review should include adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function.

The written terms of reference of Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Fiscal Year, four meetings of the Audit Committee were held to review and discuss the interim, quarterly and annual results of the Company and its subsidiaries.

## Corporate Governance Report (Continued)

The attendance of each Audit Committee member at the Audit Committee meetings during the Fiscal Year is set out in the table below:

<b>Name of Directors</b>	<b>Number of meetings attended/held</b>
Ms. Lim Yan Xin Reina ( <i>Chairlady</i> )	4/4
Mr. Poon Lai Yin Michael	4/4
Dr. Wong Ho Ki	4/4

### **NOMINATION COMMITTEE**

The Nomination Committee currently comprises four members, including one executive Director, namely, Mr. Mui Ho Cheung Gary, and three independent non-executive Directors, namely, Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki. The Nomination Committee is chaired by Mr. Mui Ho Cheung Gary.

The primary duties of the Nomination Committee include the following:

1. Reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge and industry experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. Identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Nomination Committee shall consider candidates on merits and contribution to the Board, with due regard to the Board Diversity Policy;
3. Assessing the independence of independent non-executive Directors;
4. Making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer of the Company; and
5. Developing and reviewing the Board Diversity Policy and measurable objectives for implementing such policy from time to time as adopted by the Board and reviewing progress on achieving the objectives.

## Corporate Governance Report (Continued)

### Policy on Director's Nomination

The Nomination Committee shall identify candidates who are qualified or suitable to become members of the Board and make a recommendation to the Board on the selection of candidates nominated for directorships.

With a view to achieving a sustainable and balanced development, the Company seeks achieving and maintaining an appropriate balance of diversity perspectives at the Board level as relevant to its business growth, and is an essential element in supporting the attainment of its strategic objectives and sustainable development goals. In designing the Board's composition, Board diversity has been considered from a range of perspectives as set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge and industry experience. 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 and the business needs of the Company from time to time.

During the Fiscal Year, the Nomination Committee held one meeting, with attendance record as follows:

<b>Name of Directors</b>	<b>Number of meetings attended/held</b>
Mr. Mui Ho Cheung Gary ( <i>Chairman</i> )	1/1
Ms. Lim Yan Xin Reina	1/1
Mr. Poon Lai Yin Michael	1/1
Dr. Wong Ho Ki	1/1

### REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three members, namely Mr. Poon Lai Yin Michael, Ms. Lim Yan Xin Reina and Dr. Wong Ho Ki, all the independent non-executive Directors. The Remuneration Committee is chaired by Mr. Poon Lai Yin Michael.

The primary duties of the Remuneration Committee include the following:

1. Making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. Making recommendations to the Board on the remuneration packages of individual executive Directors and senior management (this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment);
3. Making recommendations to the Board on the remuneration of non-executive Directors;
4. Reviewing and approving the management's performance-based remuneration proposals with reference to the Board's corporate goals and objectives;

## Corporate Governance Report (Continued)

5. Reviewing and approving compensation payable to executive directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;
6. Reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
7. Ensuring that no director of the Company or any of his/her associates is involved in deciding his/her own remuneration; and
8. Advising Shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Fiscal Year, the Remuneration Committee held one meeting, with attendance as follows:

<b>Name of Directors</b>	<b>Number of meetings attended/held</b>
Mr. Poon Lai Yin Michael ( <i>Chairman</i> )	1/1
Ms. Lim Yan Xin Reina	1/1
Dr. Wong Ho Ki	1/1

### Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Directors and senior management of the Company, whose biographies are set out on pages 13 to 19 of this annual report, for the year ended 31 March 2021, are set out below:

<b>Band of remuneration (HK\$)</b>	<b>Number of individuals</b>
HK\$0 to HK\$1,000,000	5
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,001 to HK\$2,000,000	1
HK\$2,000,001 to HK\$2,500,000	4
HK\$2,500,001 to HK\$3,000,000	–
HK\$3,000,001 to HK\$3,500,000	–
HK\$3,500,001 to HK\$4,000,000	–
HK\$4,000,001 to HK\$4,500,000	–
HK\$4,500,001 to HK\$5,000,000	–
HK\$5,000,001 to HK\$5,500,000	–
HK\$5,500,001 to HK\$6,000,000	–
HK\$6,000,001 to HK\$6,500,000	1

## Corporate Governance Report (Continued)

### **DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2021 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 64 to 69 of this annual report.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Company's assets and the Shareholders' interests and reviewing the effectiveness of the Company's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. 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 Group does not have an internal audit function. Taking into account the size, nature and complexity of the Group's business, the Board have sufficient capacity to oversee the design and implementation of the risk management and internal control system and to assess its effectiveness, and accordingly there is no immediate need to set up an internal audit function within the Group.

During the Fiscal Year, the Group engaged an independent consulting firm to review the effectiveness of its risk management and internal control system. The independent consulting firm submitted a report of findings and areas for improvement to the management and the management had adopted the improvements accordingly. Having considered (i) the existence of the risk management and internal control system; (ii) the findings of the independent consulting firm; and (iii) the management have taken into account the areas for improvement suggested by the independent consulting firm and further enhanced the risk management and internal control system, the Board and Audit Committee were of the view that the Group had no material internal control deficiencies and its risk management and internal control systems were effective and adequate.

### **DIVIDEND POLICY**

The Company has adopted a dividend policy, according to which the Board shall take into account, inter alia, the following factors when deciding whether to propose a dividend and in determining the dividend amount: (i) operating and financial results; (ii) cash flow situation; (iii) business conditions and strategies; (iv) future operations and earnings; (v) taxation consideration; (vi) interim dividend paid, if any; (vii) capital requirement and expenditure plans; (viii) interests of the Shareholders; (ix) statutory and regulatory restrictions; (x) any restrictions on payment of dividends; and (xi) any other factors that the Board may consider relevant. It is also subject to the approval of the Shareholders, the Companies Law, the Articles of Association as well as any applicable laws. The Company currently aims to pay a total dividend in respect of each financial year of not less than 30% of its distributable profits for the corresponding financial year after Listing, subject to the consideration factors aforementioned.

## Corporate Governance Report (Continued)

### AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to the Company for the year ended 31 March 2021 was approximately as follows:

Type of Services	Amount HK\$'000
Audit services	1,023
Non-audit services related to tax consultation	67
<b>Total</b>	<b>1,090</b>

### COMPANY SECRETARY

During the Fiscal Year, Mr. Lam Yau Lun is the company secretary of the Company. Mr. Lam has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company or, in their absence, other members of the respective committees, will attend the AGMs to answer Shareholders' questions. The auditor of the Company will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at promoting effective communication with Shareholders and other stakeholders and maintains a website of the Company at [www.legogroup.hk](http://www.legogroup.hk), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

## Corporate Governance Report (Continued)

### SHAREHOLDERS' RIGHTS

#### Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

A Shareholder shall make a written requisition to the Board or the company secretary of the Company at the headquarters and principal place of business in Hong Kong of the Company at Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong, specifying the shareholding information of the Shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

#### Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters and principal place of business in Hong Kong of the Company at Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong.

### CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Fiscal Year, there was no significant change in the Company's constitutional documents.

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

The Group is an active financial services provider in Hong Kong licensed to conduct regulated activities under the SFO. The Group principally engages in the provision of (i) corporate finance advisory services; (ii) securities, underwriting and financing services; and (iii) asset management services.

This Environmental, Social and Governance Report (the “Report”) explains the environmental, social and governance (“ESG”) performance of the Group. The Report has been confirmed and approved by the Board of the Company on 24 June 2021. The Report is published in both Chinese and English and available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.legogroup.hk](http://www.legogroup.hk)).

## Reporting Scope and Boundary

The Report focuses on the operation of corporate finance advisory services of the Group during the Fiscal Year, where the reporting boundary of key performance indicators (“KPIs”) includes its Hong Kong office. For the Fiscal Year, the operation of corporate finance services accounted for approximately 43.6% of total revenue of the Group.

The Group will continuously upgrade its internal data collection procedures and gradually expand the scope of disclosure according to the materiality principle.

## Reporting Standard

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) as contained in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange. The Report discloses KPIs about environmental aspects in compliance with the “Comply or Explain” provisions. The four reporting principles, namely materiality, quantitative, balance and consistency, form the backbone of the Report.

Reporting principle	The Group’s response
Materiality	The Group reports on issues that are considered as posing significant impacts on environment and society and are important to stakeholders. The issues are presented together with Group’s management measures in the Report.
Quantitative	The Group ensures the KPIs are measurable and accompanied by a narrative explaining its purpose, impacts and calculation methodology. The Group has also commissioned an independent consultant in assessing the carbon emissions in accordance with local and international guidelines.
Balance	The Group is committed to preparing the Report on an unbiased basis. The Group ensures achievements which the Group has made and the challenges which the Group has faced are both reported.
Consistency	The Group is committed that consistent methodologies will be adopted in the future reports for meaningful comparison on the Group’s ESG performance.

## Environmental, Social and Governance Report (Continued)

### Feedback

The Group values opinions of stakeholders. If you have any questions or suggestions regarding the content or format of the Report, please contact the Group by email at [management@legogroup.hk](mailto:management@legogroup.hk).

### SUSTAINABILITY GOVERNANCE

The Group endeavours to maintain good corporate governance in managing sustainability issues that have significant impacts on the environment and society posed by the Group's operation. It also enables the Group to cope with ESG challenges in a timely manner.

While relevant departments work together in managing sustainability issues that are significant to the Group and its stakeholders, the Board has the overall responsibility for the Group's sustainability governance and is responsible for overseeing the potential impacts and related risks on sustainability issues of the Group's operation.

### Risk Management

The Group has a risk management system for identifying and managing significant risks of its operation. The system is reviewed regularly and is reported to the Board periodically to ensure the effectiveness of the systems.

The Group understands that stakeholders now have higher expectation on environmental and social risks management. In the future, the Board will identify and assess risks in relation to environment and society and enhance the stakeholders' engagement to understand their views on the Group's sustainability performance and future strategies. This is to ensure that respective mitigation measures are effectively in place in line with its risk appetite and strategy.

### Compliance Management

Non-compliance of laws and regulations that have significant impacts on the Group's operation may lead to regulatory enforcement actions, such as fines and lawsuits. The Group has established procedures in reviewing and monitoring relevant laws and regulations' compliance status regularly. Details of the compliance of the relevant laws and regulations that have a significant impact on the Group are set out in the relevant sections below.

# Environmental, Social and Governance Report (Continued)

## PROTECTING THE ENVIRONMENT

2020/21 Performance Highlights:

<b>65.4 tonnes of CO<sub>2</sub>-e</b> Greenhouse gas emissions	<b>104.0 MWh</b> Energy consumption	<b>1.1 tonnes</b> Non-hazardous waste
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While the Group runs an office-based operation which does not create a significant impact on the environment, the Group strives to reduce impacts of its operation on the environment. The Group's Environmental Protection Policy Statement has demonstrated its determination to become an environmentally responsible corporate. Through the implementation of various measures, the Group aims to minimise emissions, use of resources and impacts on the environment. The statement is reviewed regularly to ensure effective execution.

During the Fiscal Year, the Group was not aware of any cases of non-compliance in relation to environmental laws and regulations, including but not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong).

### Emissions

The Group is aware that the daily operation of its office generates emissions and is committed to the following:

- Minimise emissions of air pollutants and greenhouse gases ("GHG");
- Adopt internationally recognised standards or equivalent local standards in assessing and disclosing GHG emissions; and
- Properly manage and minimise hazardous (if any) and non-hazardous waste produced in its operation.

Adhering to the reporting principle of quantitative, the Group commissioned an independent consultant to conduct assessment on the Group's GHG emissions. The process is conducted with reference to relevant local and international guidelines<sup>1</sup> to ensure alignment with the ESG Reporting Guide.

The Group believes proper assessment, recording of GHG emissions is essential for quantifying its emissions management. The Group will continue the practice and disclose its environmental data on a yearly basis. It does not only allow stakeholders to better understand the Group's performance, but also allows the Group to monitor its progress on environmental commitments quantitatively.

<sup>1</sup> Including Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong compiled by the Environmental Protection Department and Mechanical Services Department of Hong Kong, international standards such as ISO 14064-1 and the Greenhouse Gas Protocol.

## Environmental, Social and Governance Report (Continued)

Other than GHG emissions, the Group also produces air emissions, including nitrogen oxides, sulphur oxides and respiratory suspended particles, from vehicles the Group owns for business purpose. The Group strives to reduce air emissions by regular maintenance to ensure its efficiency.

The Group generates hazardous and non-hazardous waste during its daily office operation, which are collected by recycler. Due to the Group's office-based operation, the Group focuses on paper usage reduction to reduce waste produced, it has implemented the following measures:

- Recommend double-sided paper use; and
- Adopt electronic communications and filing to reduce the use of paper.

During the Fiscal Year, the Group has disposed of one desktop. The electronic waste generated was collected through WEEE programme.

### **Future Plan:**

The Group will continue to improve its waste management procedures, including record of domestic waste produced and recycled, so as to review the effectiveness of current measures.

### **Use of Resources**

The Group is committed to protecting the scarce resources on the planet. The Group strives to reduce the use of resources as stipulated in the following commitments:

- Adopt the principles of "reduce, reuse and recycle" to increase the consumption efficiency of energy, paper, water and other resources;
- Nurture the culture of environmental protection within the Group to increase the environmental awareness of staff; and
- Maintain continuous communication with staff with regard to environmental protection policies.

## Environmental, Social and Governance Report (Continued)

Electricity and paper used at the office are the major sources of resources consumption, measures have been implemented including:

Resources	Measures
Energy	<ul style="list-style-type: none"><li>• Switch off unnecessary lighting in unoccupied areas;</li><li>• Set up timer for display monitors that automatically enter standby mode when left idled for a certain period of time;</li><li>• Purchase electronic appliances with energy efficiency label; and</li><li>• Maintain/replace malfunctioning facilities in a timely manner.</li></ul>
Water	<ul style="list-style-type: none"><li>• Promote conservation of water internally.</li></ul>
Paper	<ul style="list-style-type: none"><li>• Recommend double-sided paper use;</li><li>• Adopt electronic communications; and</li><li>• Arrange recycler to collect the used papers.</li></ul>

The Group understands that awareness of employees is a key to resources saving, it encourages its employees to consider the environment before consuming resources including energy and paper.

During the Fiscal Year, the Group formulated a guide for employees for green practices for energy saving and waste reduction.

### Future Plan:

The Group will continue to raise the environmental awareness and promote green values amongst our employees.

### The Environment and Natural Resources

Although the business activities of the Group do not pose significant adverse impacts on the environment and natural resources, it strives to minimise its impacts through effective execution of implemented measures. The Group will continue to review its Environmental Protection Policy Statement from time to time and enhance its measures for environmental protection.

# Environmental, Social and Governance Report (Continued)

## EMPLOYMENT AND LABOUR PRACTICES

2020/21 Performance Highlight:

Provide Equal Opportunities	Promote Training and Development	Enhance Continuous Communications
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The Group formulated the Employment and Labour Practices Policy Statement in response to the actual situation of the Group's operation. The aim of the policy statement is to provide staff with a workplace that is free of discrimination and harassment and emphasises equal opportunities, health and safety, as well as development and training opportunities.

### Employment and Labour Standards

The Group regards talents as a key to corporate success and sustainability. The Group is committed to providing a diverse and fair working environment for its employees as stipulated in the Employment and Labour Practices Policy Statement that the Group will:

- Provide equal opportunities in employment, training and career development regardless of gender, age, nationality, race, ethnicity, religion, body size, illness, mental or physical disability, family roles, family composition, sexual orientation, political beliefs or social status; and
- Create a diverse working environment within the Group.

In addition, the Group has formulated the Group Policy Handbook to set out policies relating to compensation and dismissal, recruitment and promotion, working hours, holidays, benefits and welfare. Other than statutory holidays, the Group provides marriage leave, condolence leave, jury service leave to show support to its employees. The Group also provides medical insurance to all permanent full-time employees.

The Group welcomes suggestions from employees for continuous improvement, employees are encouraged to voice out their opinions regarding working environment, working procedures etc. to improve efficiency of the Group's operation.

The Group has zero tolerance in all forms of child and forced labour. The Employment Contract has set out terms and conditions of employees' duties and rights to ensure all employment relationships are voluntary.

The Group also verifies the age and relevant qualification of employees during the employment process. Due to the business nature of the Group, the risk of child and forced labour is relatively low.

During the Fiscal Year, the Group was not aware of any non-compliance with laws and regulations nor any cases of child labour or forced labour in relation to employment and labour standards, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and Minimum Wage Ordinance, (Chapter 608 of the Laws of Hong Kong).

### Future Plan:

The Group values feedback from employees and seeks to provide a positive environment for them. The Group will enhance communication channels within the Group and actively collect the opinions from the employees.

# Environmental, Social and Governance Report (Continued)

## Health and Safety

The Group places importance on protecting employees' health and safety, as well as their well-being. To build a healthy and safe working environment, the Employment and Labour Practices Policy Statement has stated commitments of the Group, including:

- Formulate occupational health and safety measures to minimise the chance of injury, illness or occupational hazards at work; and
- Be prepared for emergency situations to respond effectively towards hazards in a timely manner.

The Group strives to promote a healthy and safe working environment, knowing that it does not only protect its employees from physical injuries, but it also promotes employees' wellbeing. Other than physical health of employees, the Group cares about the mental health of employees under high pressure working environment.

During the Fiscal Year, the Group complies with the relevant laws and regulations, including the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). There were no cases of work-related injuries or fatalities recorded during the Fiscal Year.

## Development and Training

The Group formulates training plans and arranges various training for employees based on their job nature and the Group's business development. The Group values employees' enhancement of professional knowledge and skills in relation to the Group's operation. The Group also conducts performance review periodically with employees to ensure adequate supports are provided for employees' career development.

The Group organises training for its employees from time to time, during the Fiscal Year, it has organised training including:

- Annual anti-money laundering training;
- Training on sponsor due diligence and listing of biotech companies; and
- Regulatory compliance training.

During the Fiscal Year, the Group also selected and enrolled different courses/seminars for our staff based on their job nature.

### Future Plan:

The Group will enhance its training programs by enhancing the variety of the courses/seminars. The Group will also continue to collect the opinions from the employees on the training programs.

# Environmental, Social and Governance Report (Continued)

## OPERATING PRACTICES

2020/21 Performance Highlights:

Adopt Code of Conduct for employees	Adopt data security measures and system to prevent leakage of confidential data	Provide training for the Board and employees on anti-money laundering
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The Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement is set to be the foundation of the Group's operating practices. The policy statement covers commitments of the Group regarding responsible supply chain management and service provisions, as well as upholding business ethics.

### Supply Chain Management

The Group does not produce any physical products nor have significant procurement. The suppliers of the Group mainly include professional services providers, property management, as well as office supplies vendors. The Group is committed to managing its suppliers through stringent selection of suppliers and regular review of their performance.

To ensure suppliers are selected fairly, the Group obtains quotations from three different potential suppliers for products/services with fee over HK\$50,000 as and when appropriate. Supplier is selected based on factors including but not limited to service quality and price. Approval from department head and chief executive officer ("CEO") of the Company is also required to be obtained before the commission of suppliers.

#### Future Plan:

Going forward, the Group is committed to selecting suppliers not only based on their service quality and price, but also their environmental, social and ethical values.

### Product Responsibility

As a financial services provider, the Group values its customers and respects customers' rights. The Group's Compliance Manual stipulates conducts and detailed procedures when providing services. The Group also stresses on respecting customer's privacy and confidentiality, intellectual property and prohibition of market misconducts.

Feedback from customers is a drive for the Group's continuous improvement, it has established a mechanism for customers' feedback in a timely manner:

- Complaints received will be investigated promptly by the Compliance Department;
- CEO and the managing directors are responsible for determining appropriate response when the merits of the complaint are determined; and
- All complaints received, together with replies for the client will be recorded.

To protect customers privacy and confidentiality, the Group has adopted sufficient measures to safeguard customer data stored, including Chinese Wall and restricted access right to folders with clients' data. The Group also prohibited any unauthorised hardware and software installation.

## Environmental, Social and Governance Report (Continued)

The Group is not aware of any significant non-compliance with laws and regulations in relation to product responsibility during the Fiscal Year, including but not limited to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the SFO and the Rules Governing the Listing of Securities on the Stock Exchange. The operation of the Group does not involve health and safety issues relating to products and services provided.

### **Anti-corruption**

The Group puts strong emphasis on honesty and fairness in its operation, as it understands it is the core value of a financial services provider. The Group ensures that the services offered comply with applicable laws and regulations in Hong Kong and professional code of conduct.

When engaging a customer, the Group also conducts pre-engagement assessment of the customer to ensure there is no conflict of interest or ethical business risks from potential customers. Employees are required to file for any conflict of interest to ensure independence and neutrality of the services provided.

As a financial services provider, prevention and detection of money laundering is part of the core social responsibilities. The Group's Compliance Manual sets out the anti-money laundering and terrorist financing policies set forth the responsibilities of employees in preventing money laundering and terrorist financing.

The Group arranges training on anti-money laundering and anti-terrorist financing for employees and regularly communicates with them on the importance of compliance and business conduct.

During the Fiscal Year, the Group is not aware of any non-compliance cases against relevant laws and regulations, including but not limited to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) and Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). During the Fiscal Year, the Group and the employees of the Group were not involved in any legal cases in relation to corruption.

### **COMMUNITY INVESTMENT**

The Group understands the importance of contributing to the communities where it operates and is committed to creating value for the society and environment with its professional knowledge and its impact in the industry. The Group has formulated the Community Investment Policy Statement, with the following commitments:

- Promote a responsible corporate culture within the Group;
- Encourage and arrange staff to participate in voluntary services and charity activities; and
- Leverage its expertise to contribute to the community where it operates.

During the Fiscal Year, the Group implemented the measure to provide extra charity leaves for encouraging employees to take part in community volunteer activities.

#### **Future Plan:**

The Group will seek to participate in different community engagement activities.

# Environmental, Social and Governance Report (Continued)

## PERFORMANCE SUMMARY

### Air Emissions

Category	Emissions		Unit
	2020/2021	2019/2020	
Nitrogen oxides	1.35	1.02	kg
Sulphur oxides	0.05	0.03	kg
Respiratory suspended particles	0.10	0.07	kg

### GHG Emissions

Category	Source	Emissions		Unit
		2020/2021	2019/2020	
Scope 1 — direct emissions	Combustion of fuels in mobile sources	8.3	4.6	tonnes of CO <sub>2</sub> -e
Scope 2 — indirect emissions	Purchased electricity	53.4	65.4	tonnes of CO <sub>2</sub> -e
Scope 3 — other indirect emissions	Paper waste disposal <sup>2</sup>	3.6	4.4 <sup>5</sup>	tonnes of CO <sub>2</sub> -e
Total GHG emissions		65.4	70.8	tonnes of CO <sub>2</sub> -e
GHG intensity (by floor area)		0.02	0.02	tonnes of CO <sub>2</sub> -e/ square foot

### Waste

Category	Waste generation		Unit
	2020/2021	2019/2020	
Total non-hazardous waste	1.1 <sup>2</sup>	2.1	tonnes
Non-hazardous waste intensity (by floor area)	0.325	0.593	kg/square foot
Hazardous waste	N/A <sup>3</sup>	N/A	—
Hazardous waste intensity (by floor area)	N/A <sup>3</sup>	N/A	—

### Use of Resources<sup>4</sup>

Category	Source	Consumption		Unit
		2020/2021	2019/2020	
Direct energy consumption	Petrol	28.8	15.9	MWh
Indirect energy consumption	Purchased electricity	75.3	80.7	MWh
Total energy consumption		104.0	96.6	MWh
Energy intensity (by floor area)		0.03	0.03	MWh/square foot

<sup>2</sup> Includes papers of confidential documents collected by certified recycler.

<sup>3</sup> During the Fiscal Year, 1 desktop computer was disposed of via WEEE programme.

<sup>4</sup> The office does not have a separate water meter and the property management company could not provide the data. Therefore, water consumption data is unavailable.

<sup>5</sup> The figure has been adjusted to reflect the actual situation of the paper usage.

# Environmental, Social and Governance Report (Continued)

## ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/Remarks
<b>A. Environmental</b>		
<b>A1 Emissions</b>		
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.	53
A1.1	The types of emissions and respective emissions data.	60
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	53, 60
A1.3	Total hazardous waste produced and, where appropriate, intensity.	54, 60
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	54, 60
A1.5	Description of measures to mitigate emissions and steps taken to achieve the results.	53, 54
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and steps taken to achieve the results.	54
<b>A2 Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	54, 55
A2.1	Direct and/or indirect energy consumption by type and intensity.	60
A2.2	Water consumption in total and intensity.	60
A2.3	Description of energy use efficiency initiatives and steps taken to achieve them.	55

## Environmental, Social and Governance Report (Continued)

Material Aspect	Content	Page Index/Remarks
<b>A. Environmental</b>		
<b>A2 Use of Resources</b>		
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and steps taken to achieve them.	55; No issue in sourcing water
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	The Group does not consume much packaging material due to its business nature
<b>A3 The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	55
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	55
<b>B. Social</b>		
<b>B1 Employment</b>		
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, anti-discrimination, and other benefits and welfare.	56
<b>B2 Health and Safety</b>		
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.	57

## Environmental, Social and Governance Report (Continued)

Material Aspect	Content	Page Index/Remarks
<b>B. Social</b>		
<b>B3 Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	57
<b>B4 Labour Standards</b>		
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.	56
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	58
<b>B6 Product Responsibility</b>		
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.	58, 59 The Group's services do not have a significant impact relating to health and safety
<b>B7 Anti-corruption</b>		
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.	59
<b>B8 Community Investment</b>		
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.	59

# Independent Auditor's Report

## TO THE SHAREHOLDERS OF LFG INVESTMENT HOLDINGS LIMITED

LFG 投資控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of LFG Investment Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 70 to 160, which comprise the consolidated statement of financial position as at 31 March 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## KEY AUDIT MATTERS

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

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTERS (Continued)

### Impairment assessment of accounts receivable from corporate advisory and other services

As disclosed in note 18 to the consolidated financial statements, as at 31 March 2021, the Group had accounts receivable from corporate advisory and other services of approximately HK\$23,078,000, net of impairment.

Assessing impairment of accounts receivable arising from corporate advisory and other services is a subjective area as it requires application of significant judgement and uses of estimates. Management performed periodic assessment on the recoverability of the accounts receivable and the sufficiency of impairment based on information including credit profile of different customers, the accounts receivable historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses ("ECLs") for the impairment assessment.

We had identified impairment of these accounts receivable as a key audit matter because significant judgements had to be made for the assessment of the recoverability for each debtor including service history, credit history and estimated future cash flows.

Our audit procedures to address the impairment of these accounts receivable included the following:

- Understanding, evaluating and validating the controls over the impairment assessment of accounts receivable arising from corporate advisory and other services, which related to management's identification of events that might trigger the increase in default rate;
- Assessing the reasonableness of management's loss allowance estimates on accounts receivable by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information and examining the actual losses recorded during the current period and assessing whether there was an indication of management bias when recognising loss allowances;
- Testing the accuracy of the ageing of receivable balances on a sample basis;
- Testing on large individual aged receivable balances, understanding the rationale for management's provision decisions by reference to payment patterns during the period as well as other information available;
- Re-performing management's calculation of loss allowances under the ECLs model which grouped together all the receivables with similar risk characteristics and based on the probability of default, exposure at default and loss given default; and
- Assessing the subsequent settlement of the customers after the reporting date to consider any additional provision required.

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTERS (Continued)

### Impairment assessment of accounts receivable from securities margin financing services

As disclosed in note 18 to the consolidated financial statements, as at 31 March 2021, the Group had accounts receivable from securities margin financing services of approximately HK\$97,016,000, net of impairment.

Assessing impairment of accounts receivable from securities margin financing services is a subjective area as it requires application of significant judgement and uses of estimates. At each reporting date, the Group assesses whether there has been a significant increase in credit risk of default ("SICR") occurring over the expected life of the individual receivable. 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 forward-looking analysis. Judgement is applied in assessing customers that may default and identifying evidence of impairment which include assessment on creditworthiness of customers, their repayment history, and application of collateral ratio, that is the level of securities collateral in proportion to the outstanding receivables balance. Estimates are used in assessing the recoverable amount of the securities collateral.

We had identified impairment of these accounts receivable as a key audit matter because significant judgements had to be made for the assessment of the recoverability for each debtor including financing history, credit history, value of underlying securities and estimated future cash flows.

Our audit procedures to address the impairment of these accounts receivable included the following:

- Understanding, evaluating and validating the controls over the impairment assessment of accounts receivable from securities margin financing services, which related to management's identification of events that might trigger the SICR of accounts receivable and events of default;
- Testing the appropriateness of the Group's determination of SICR and the basis of classification of exposures into the 3 stages as required by HKFRS 9 "Financial Instruments" by checking to margin clients overdue information, collateral ratio and other factors determining the stage classification as determined by the Group;
- Assessing, on a sample basis, the recoverability of the outstanding receivables through our discussion with management and with reference to credit profiles of the clients, available data, information and the latest correspondence with clients and checking subsequent settlements;
- Assessing the reasonableness of the Group's criteria for assessing if there has been a SICR and whether allowances for financial assets should be measured on a life-time ECL basis and the qualitative assessment;
- Re-performing management's calculation of loss allowances under the ECLs model which grouped together all the receivables with similar risk characteristics and based on the probability of default, exposure at default and loss given default; and
- Assessing the subsequent settlement of the clients after the reporting date to consider any additional provision required.

## Independent Auditor's Report (Continued)

### **OTHER INFORMATION IN THE ANNUAL REPORT**

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

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

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

### **DIRECTORS' RESPONSIBILITIES 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 Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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.

## Independent Auditor's Report (Continued)

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

## Independent Auditor's Report (Continued)

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

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

**BDO Limited**

*Certified Public Accountants*

**Chan Wing Fai**

Practising Certificate Number P05443

Hong Kong, 24 June 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	6		
Corporate finance advisory services		47,127	86,260
Securities and underwriting services		25,956	17,289
Interest income from margin financing services		6,748	2,091
Asset management services		30	39
Investment fund		28,291	(425)
<b>Total revenue</b>		<b>108,152</b>	105,254
Other income and gains or losses, net	7	(11,855)	947
Staff costs	8	(47,970)	(47,567)
Administrative and other expenses		(26,623)	(33,162)
Expected credit loss on accounts receivable		(2,632)	(2,361)
Finance costs	10	(609)	(939)
<b>Profit before income tax expenses</b>	8	<b>18,463</b>	22,172
Income tax expenses	11	(2,489)	(8,022)
<b>Profit for the year</b>		<b>15,974</b>	14,150
<b>Other comprehensive income for the year:</b>			
Item that may not be reclassified subsequently to profit or loss:			
Net change in financial assets at fair value through other comprehensive income		31	–
<b>Other comprehensive income for the year</b>		<b>31</b>	–
<b>Total comprehensive income for the year</b>		<b>16,005</b>	14,150

# Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Profit for the year attributable to:</b>			
Owners of the Company		16,124	14,150
Non-controlling interests		(150)	–
		<b>15,974</b>	14,150
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		16,155	14,150
Non-controlling interests		(150)	–
		<b>16,005</b>	14,150
<b>Earnings per share from profit for the year attributable to owners of the Company:</b>			
	13		
Basic and diluted earnings per share		<b>4.0 HK cents</b>	3.9 HK cents

# Consolidated Statement of Financial Position

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	3,430	1,511
Intangible asset	15	500	500
Deposits	19	1,049	1,231
Right-of-use assets	26	9,159	8,518
Financial assets at fair value through other comprehensive income	16	571	–
		<b>14,709</b>	11,760
<b>Current assets</b>			
Financial assets at fair value through profit or loss	17	94,844	50,721
Accounts receivable	18	131,187	132,923
Other receivables, deposits and prepayments	19	2,615	1,692
Tax recoverable		507	–
Pledged bank deposit	20	5,000	–
Cash and bank balances — held on behalf of customers	21	56,909	22,624
Cash and bank balances	22	38,095	127,861
		<b>329,157</b>	335,821
<b>Current liabilities</b>			
Accounts payable	23	96,623	43,796
Accruals and other payables	24	7,436	86,630
Other financial liabilities	25	45,161	18,716
Lease liabilities	26	3,455	6,478
Convertible bonds	27	1,170	–
Deferred revenue	6	5,629	8,509
Bank borrowings	28	5,000	–
Tax payables		–	6,534
		<b>164,474</b>	170,663
<b>Net current assets</b>		<b>164,683</b>	165,158
<b>Total assets less current liabilities</b>		<b>179,392</b>	176,918
<b>Non-current liabilities</b>			
Lease liabilities	26	5,741	2,285
<b>Net assets</b>		<b>173,651</b>	174,633

## Consolidated Statement of Financial Position (Continued)

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Equity</b>			
Share capital	29	4,060	4,060
Share premium		110,371	110,371
Reserves	30	57,824	60,202
Equity attributable to owners of the Company		172,255	174,633
Non-controlling interests		1,396	–
<b>Total equity</b>		173,651	174,633

On behalf of the directors

**Mui Ho Cheung Gary**  
*Director*

**Ng Siu Hin Stanley**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Attributable to owners of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Share option reserve	Revaluation reserve	Other reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(note 29)		(note 30)	(note 30)	(note 30)	(note 30)			
<b>At 1 April 2020</b>	<b>4,060</b>	<b>110,371</b>	<b>4,100</b>	<b>-</b>	<b>36,311</b>	<b>19,791</b>	<b>174,633</b>	<b>-</b>	<b>174,633</b>
Profit for the year	-	-	-	-	-	16,124	16,124	(150)	15,974
Other comprehensive income:									
Net change in financial assets at fair value through other comprehensive income	-	-	-	31	-	-	31	-	31
Total comprehensive income for the year	-	-	-	31	-	16,124	16,155	(150)	16,005
Recognition of equity settled share-based payment (note 31)	-	-	1,359	-	-	-	1,359	-	1,359
Lapse of share options	-	-	(385)	-	-	385	-	-	-
Dividends (note 12)	-	-	-	-	-	(19,892)	(19,892)	-	(19,892)
Acquisition of subsidiaries (note 35)	-	-	-	-	-	-	-	1,546	1,546
<b>At 31 March 2021</b>	<b>4,060</b>	<b>110,371</b>	<b>5,074</b>	<b>31</b>	<b>36,311</b>	<b>16,408</b>	<b>172,255</b>	<b>1,396</b>	<b>173,651</b>

## Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 March 2021

	Attributable to owners of the Company					Total equity HK\$'000
	Share capital HK\$'000 (note 29)	Share premium HK\$'000	Share option reserve HK\$'000 (note 30)	Other reserve HK\$'000 (note 30)	Retained earnings HK\$'000 (note 30)	
<b>At 1 April 2019</b>	398	–	730	35,913	21,788	58,829
Arising on reorganisation (note 29)	(398)	–	–	398	–	–
Capitalisation issue of shares (note 29)	3,280	(3,280)	–	–	–	–
Issue of shares under public offer and placing (note 29)	720	120,240	–	–	–	120,960
Share issue expenses	–	(11,728)	–	–	–	(11,728)
Profit and total comprehensive income for the year	–	–	–	–	14,150	14,150
Exercise of share options (notes 29 and 31)	60	5,139	(1,622)	–	–	3,577
Recognition of equity settled share- based payments (note 31)	–	–	4,992	–	–	4,992
Dividends (note 12)	–	–	–	–	(16,147)	(16,147)
<b>At 31 March 2020</b>	4,060	110,371	4,100	36,311	19,791	174,633

# Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax expenses		18,463	22,172
Adjustments for:			
Investment fund	6	(28,291)	425
Interest income	7	(131)	(342)
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	7	11,964	(576)
Loss on disposal of property, plant and equipment	7	–	1
Depreciation of property, plant and equipment	8	1,023	1,398
Depreciation of right-of-use assets	8	6,280	6,360
Expected credit loss on accounts receivable	8	2,632	2,361
Bad debts expenses	8	127	18
Equity settled share-based payment expenses	8	1,359	4,992
Finance costs	10	609	939
<b>Operating profit before working capital changes</b>		<b>14,035</b>	<b>37,748</b>
Increase in financial assets at fair value through profit or loss		(19,948)	(46,565)
Increase in accounts receivable		(1,023)	(112,978)
Decrease in other receivables, deposits and prepayments		365	277
Increase in pledged bank deposit		(5,000)	–
Increase in cash and bank balances — held on behalf of customers		(34,285)	(3,723)
Increase in accounts payable		52,808	23,812
(Decrease)/increase in accruals and other payables		(79,429)	78,346
Decrease in deferred revenue		(2,880)	(746)
<b>Cash used in operations</b>		<b>(75,357)</b>	<b>(23,829)</b>
Income tax paid		(9,530)	(3,438)
Interest paid on margin financing		(249)	(239)
<b>Net cash used in operating activities</b>		<b>(85,136)</b>	<b>(27,506)</b>

## Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Cash flows from investing activities</b>			
Interest received		2,654	1,792
Dividend received		723	1,428
Purchase of property, plant and equipment	14	(92)	(752)
Acquisition of financial assets at fair value through other comprehensive income		(540)	–
Acquisition of subsidiaries	35	(135)	–
<b>Net cash generated from investing activities</b>		<b>2,610</b>	2,468
<b>Cash flows from financing activities</b>			
Interest paid on bank borrowings	32	(13)	–
Interest paid on lease liabilities	32	(328)	(700)
Payment of principal portion of lease liabilities	32	(6,488)	(6,115)
Payment of listing expenses		–	(11,728)
Dividends paid	12, 32	(19,892)	(16,147)
Net proceeds from exercise of share options	29	–	3,577
Proceeds from issue of shares		–	120,960
Proceeds from issue of redeemable participating shares	32	19,058	10,866
Payment for redemption of redeemable participating shares	32	(4,577)	–
Proceeds from bank borrowings	32	5,000	–
<b>Net cash (used in)/generated from financing activities</b>		<b>(7,240)</b>	100,713
<b>Net (decrease)/increase in cash and bank balances</b>		<b>(89,766)</b>	75,675
<b>Cash and bank balances at the beginning of the year</b>		<b>127,861</b>	52,186
<b>Cash and bank balances at the end of the year</b>		<b>38,095</b>	127,861

# Notes to the Financial Statements

For the year ended 31 March 2021

## 1. GENERAL INFORMATION

LFG Investment Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 June 2018 under the Companies Law, Cap. 22 of the Cayman Islands. Its issued shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the listing date (i.e. 30 September 2019) (the “Listing Date”). The Company’s registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at Room 1601, 16th Floor, China Building, 29 Queen’s Road Central, Hong Kong.

The Company is an investment holding company and, together with its subsidiaries (collectively referred to as the “Group”), are principally engaged in corporate finance advisory services, securities and financing services and asset management services.

In the opinion of the directors, the Company’s ultimate parent is Lego Financial Group Limited (“LFG”), a company incorporated in the British Virgin Islands (the “BVI”).

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

### (a) Adoption of new or amended HKFRSs

The Hong Kong Institute of Certified Public Accountants has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKAS 1 and HKAS 8, Definition of Material
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform

Other than the amendments to HKFRS 3, none of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

#### Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

The Group elected to apply the amendments prospectively to acquisitions for which the acquisition date is on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (b) New or amended HKFRSs that have been issued but are not yet effective

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

Amendments to HKFRS 16	COVID-19-Related Rent Concessions <sup>1</sup>
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 <sup>6</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 <sup>2</sup>
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1 First-time Adoption of HKFRSs, HKFRS 9 Financial Instruments, HKFRS 16 Leases, and HKAS 41 Agriculture <sup>3</sup>
Amendments to HKAS 16	Proceeds before Intended Use <sup>3</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020)
	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>5</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>5</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>7</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>4</sup> Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>6</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>7</sup> The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

##### Amendments to HKFRS 16, COVID-19-Related Rent Concessions

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

##### Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

HKFRS 16 was amended to:

- (a) permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021);
- (b) require a lessee applying the amendment to do so for annual reporting periods beginning on or after 1 April 2021;
- (c) require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
- (d) specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of HKAS 8.

As the Group has no rent concessions during the year ended 31 March 2021, the directors of the Company considered that the effective of amendments on HKFRS 16 had no significant impact on the consolidated financial statement.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

##### Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 — Interest Rate Benchmark Reform — Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

##### Annual Improvements to HKFRSs 2018-2020 — Amendments to HKFRS 1 First-time Adoption of HKFRSs, HKFRS 9 Financial Instruments, HKFRS 16 Leases, and HKAS 41 Agriculture

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### (b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

#### Amendments to HKAS 16 — Proceeds before Intended Use

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

The directors of the Company are currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

#### Amendments to HKAS 37 — Onerous Contracts — Cost of Fulfilling a Contract

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

The directors of the Company are currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

#### Amendments to HKFRS 3 — Reference to the Conceptual Framework

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

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the consolidated financial statements.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

#### (b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

##### Amendments to HKAS 1 — Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

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

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the consolidated financial statements.

##### Amendments to HKAS 1 — Disclosure of Accounting Policies

HKAS 1.69(d) was amended such that if an entity does not have “the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period” then it must be classified as current. Therefore, as amended, a liability is required to be classified as a non-current liability as long as an entity has the right to defer its settlement for at least twelve months, regardless of the entity’s intention.

##### Amendments to HKAS 8 — Definition of Accounting Estimates

The changes to HKAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- It clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

### (b) New or amended HKFRSs that have been issued but are not yet effective (Continued)

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

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

The directors of the Company anticipate that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transaction arise.

## 3. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### (b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies below.

### (c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“HK\$’000”) unless otherwise stated.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of consolidation

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

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

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

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

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

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. 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 is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (a) Basis of consolidation (Continued)

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

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

### (b) Subsidiaries

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

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and other parties who hold voting rights;
- other contractual arrangements; and
- historic patterns in voting attendance.

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

### (c) Acquisition of a subsidiary not constituting a business

When the Group acquires a group of asset and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (d) Property, plant and equipment

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

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

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The estimated useful lives, estimated residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Leasehold improvements	Over the terms of leases or 33%, whichever is shorter
Computer and equipment	20%–33%
Office furniture and equipment	20%
Motor vehicles	20%

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

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

### (e) Leases

#### The Group as lessee

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

#### Right-of-use asset

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

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (e) Leases (Continued)

#### Right-of-use asset (Continued)

Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use asset applying a cost model. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

#### Lease liability

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

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

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (f) Intangible asset

Trading right held in the Stock Exchange is classified as an intangible asset. Trading right has an indefinite useful life and is carried at cost less accumulated amortisation and accumulated impairment losses. The trading right has no foreseeable limit to the year over which the Group can use to generate net cash flows. As a result, the trading right is considered by the management of the Group as having an indefinite useful life because it is expected to contribute net cash inflows indefinitely. The trading right will not be amortised until its useful lives are determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired.

#### Impairment

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

### (g) Financial instruments

#### (i) Financial assets

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

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

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

#### *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

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

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (g) Financial instruments (Continued)

#### (i) Financial assets (Continued)

##### *Debt instruments (Continued)*

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

##### *Equity instruments*

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

#### (ii) Impairment loss on financial assets

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

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (g) Financial instruments (Continued)

#### (ii) Impairment loss on financial assets (Continued)

The Group has elected to measure loss allowances for financial assets measured at amortised cost other than accounts receivable arising from securities financing services using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising securities (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings where available.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (g) Financial instruments (Continued)

#### (ii) Impairment loss on financial assets (Continued)

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

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

#### (iii) Financial liabilities

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

##### *Financial liabilities at fair value through profit or loss*

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

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

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

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (g) Financial instruments (Continued)

#### (iii) Financial liabilities (Continued)

##### *Financial liabilities at fair value through profit or loss (Continued)*

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

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

##### *Financial liabilities at amortised cost*

Financial liabilities at amortised cost including accounts payable, other payables, other financial liabilities and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

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

#### (iv) Convertible loan notes

Convertible loan notes issued by the Group that contain liability component are classified into their respective items on initial recognition.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the convertible loan notes relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (g) Financial instruments (Continued)

#### (v) Effective interest method

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

#### (vi) Equity instruments

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

#### (vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

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

### (h) Revenue recognition

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

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

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Revenue recognition (Continued)

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

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Revenue arising from financial services is recognised on the following basis:

- Sponsorship, financial advisory, and other service income are recognised over time according to performance obligation and transaction prices of the contracts. It is recognised when the Group has an enforceable right to payment for performance completed to date at all times throughout the duration of the contract and the performance does not create an asset with an alternative use. Payments are received by installments in accordance to the completion of milestones as specified in the mandate;
- Commission income for brokerage business are recognised on execution of purchase, sales or other transactions or services by the Group on behalf of its clients;
- Underwriting, sub-underwriting, placing and sub-placing commissions are recognised at a point in time when the relevant services completed in accordance with the terms of underlying agreement or deal mandate; and
- Asset management fee income are recognised over time as those services are provided continuously over the contract period. Invoices for these services income are issued on a regular basis based on the terms stated in the contract.

A contract liability (i.e. deferred revenue) represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

#### (i) Foreign currency

Transactions entered into by the Group in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (i) Foreign currency (Continued)

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

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

### (j) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (j) Income taxes (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries, associates and joint ventures 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 liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 assets to be recovered.

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

### (k) Employee benefits

#### (i) Short term employee benefits

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

#### (ii) Defined contribution retirement plan

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

#### (iii) Termination benefits

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

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (l) Share-based payments

Where equity instruments are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the equity instruments at the grant date. Such fair value is recognised in profit or loss immediately with a corresponding increase in the share based payment reserve within equity if there is no vesting condition.

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

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

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

### (m) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment
- intangible asset
- right-of-use assets

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (m) Impairment of non-financial assets (Continued)

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as an income immediately.

### (n) Cash and bank balances

Cash and bank balances comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash at banks are assessed for ECL in accordance with the policy set out in note 4(g)(ii).

Segregated accounts maintained by the Group to hold clients' monies are recognised as an asset in financial statements and are disclosed in note 21 to the consolidated financial statements.

### (o) Provisions and contingent liabilities

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

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

### (p) 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 of a parent of the Company.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (p) Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions apply:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of 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); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of that person or that person's spouse or domestic partner.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

#### (a) Critical judgements in applying accounting policies

##### Determination of consolidation scope of certain investments

The Group invested in investment funds (the "Investments") for the purpose of this note as well as note 25 which have been formed so that voting or similar rights may not be the dominant factor in deciding who controls the Investments, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the Investments. The principle of control sets out the following three elements of control:

- (a) power over the Investments;
- (b) exposure, or rights, to variable returns from involvement with the Investments; and
- (c) the ability to use power over the Investments to affect the amount of the investor's returns.

An investor's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent.

In conducting the assessment to determine the consolidated scope, the directors consider whether the Group has power to remove or control over the party having the ability to direct the relevant activities of the Investments based on the facts and circumstances and whether the Group has material exposure to variable returns of the Investments or not.

Among the Investments held by the Group where the Group is directly or indirectly involved as an investment manager, the Group regularly assesses and determines whether:

- (a) the Group is acting as an agent or a principal in the Investments;
- (b) substantive removal rights held by other parties may remove the Group as an investment manager; and
- (c) the Investments interests held together with its remuneration from servicing and managing the Investments create significant exposure to variability of returns in the Investments.

Detailed accounting policy on assessment of control are set out in "basis of consolidation" in note 4(a).

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### (b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

#### (i) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. As at 31 March 2021, the carrying amount of property, plant and equipment was approximately HK\$3,430,000 (2020: HK\$1,511,000).

#### (ii) Impairment of financial assets measured at amortised cost

Management estimates the amount of loss allowance for ECLs on financial assets that are measured at amortised cost based on the credit risk of the respective financial asset. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows after taking into consideration of expected future credit loss of the respective financial asset. The assessment of the credit risk of the respective financial asset involves high degree of estimation and uncertainty. When the actual future cash flows are different from expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. At 31 March 2021, total carrying amount of financial assets measured at amortised cost was approximately HK\$234,626,000 (2020: HK\$285,930,000), net of accumulated impairment losses of accounts receivable of approximately HK\$5,108,000 (2020: HK\$2,476,000).

#### (iii) Income taxes and deferred taxes

The Group is subject to taxation in Hong Kong. Significant judgement is required in determining the amount of the provision for taxation and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will have impact on the income tax and/or deferred tax provisions in the period in which such determination is made.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### (b) Key sources of estimation uncertainty (Continued)

#### (iv) Impairment of non-financial assets

If a triggering event occurs indicating that the carrying amount of an asset may not be recoverable, an assessment of the carrying amount of that asset will be performed. Triggering events include significant adverse changes in the market value of an asset, changes in the business or regulatory environment, or certain legal events. The interpretation of such events requires judgement from management with respect to whether such an event has occurred.

Upon the occurrence of triggering events, the carrying amounts of non-financial assets are reviewed to assess whether their recoverable amounts have declined below their carrying amounts. The recoverable amount is the present value of estimated net future cash flows which the Group expects to generate from the future use of the asset, plus residual value of the asset on disposal. Where the recoverable amount of non-financial assets is less than its carrying value, an impairment loss is recognised to write the assets down to its recoverable amount.

The impairment assessment is performed based on the discounted cash flow analysis. This analysis relies on factors such as forecast of future performance and long-term growth rates and the selection of discount rates. If these forecast and assumptions prove to be inaccurate or circumstances change, further write-down or reversal of the write-down of the carrying value of the non-financial assets may be required.

As at 31 March 2021, the carrying amount of property, plant and equipment, intangible assets and right-of-use assets were approximately HK\$3,430,000, HK\$500,000 and HK\$9,159,000, respectively (2020: HK\$1,511,000, HK\$500,000 and HK\$8,518,000, respectively). No impairment was provided during the year ended 31 March 2021 (2020: nil).

#### (v) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the risk-free rate, expected life of the share option, volatility and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for Pre-IPO share option scheme granted on 6 March 2019. During the year ended 31 March 2021, equity settled share-based payment expenses of approximately HK\$1,359,000 (2020: HK\$4,992,000) was recognised in the consolidated statement of profit or loss and other comprehensive income.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group from external customers.

Information reported to the executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. CODM considers the business from service perspectives whereby assesses the performance of the services based on revenue generated in the course of the ordinary activities of a recurring nature of the Group.

The CODM considers the businesses of the Group as a whole is engaged in corporate finance advisory services. Therefore, the management of the Group considers that the Group only has one single operating segment. As no discrete financial information is available for identifying operating segments among different services, no further analysis of segment information is presented.

### (a) Nature of services

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(i) Corporate finance advisory services	<p>Acting as a sponsor to companies seeking to list in Hong Kong advising and guiding them and their directors throughout the listing process. Sponsor fee income are recognised over time during the initial public offering ("IPO") process;</p> <p>Acting as a financial adviser to listed companies in Hong Kong as well as their shareholders and investors advising them on transactions involving the Listing Rules, GEM Listing Rules or Takeovers Code. Financial advisory fee income are recognised over time during the service period;</p> <p>Acting as an independent financial adviser to independent board committees and independent shareholders of listed companies in Hong Kong rendering recommendations and opinions. Independent financial advisory fee income are recognised over time during the service period; and</p> <p>Acting as a compliance adviser to listed companies in Hong Kong advising them on post-listing matter. Compliance advisory fee income are recognised over time during the service period.</p>

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 6. REVENUE AND SEGMENT INFORMATION (Continued)

### (a) Nature of services (Continued)

<b>Services</b>	<b>Nature, timing of satisfaction of performance obligation and significant payment terms</b>
(ii) Securities and financing services	
(1) Placing and underwriting services	Acting as a global coordinator, a bookrunner, a lead manager or an underwriter for listing applicants in IPOs and acting as an underwriter or a placing agent for secondary market transactions. Income is recognised at point in time and billed while the services are performed.
(2) Securities dealing and brokerage services	Providing (i) securities dealing and brokerage services for trading in securities on the Stock Exchange (including equities, exchange traded products, derivative warrants, callable bull/bear contracts, real estate investment trusts and debt securities) and securities on the major exchanges in the United States; (ii) other services including script handling and settlement services, account maintenance services and nominee, corporate action, investor relations and related services. Commission income is recognised as income on a trade date basis when the services are rendered. Service fee is billed while the services are performed.
(3) Securities financing services	Providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
(iii) Asset management services	Providing investment advisory and asset management services. The asset management income is charged at a fixed percentage per annum of the asset value of the funds under management of the Group. The Group is also entitled to a performance fee for certain accounts when pre-set performance target for the relevant performance period is met. The performance fee is recognised when it is highly probable that a significant reversal in the revenue recognised will not occur when the performance target is evaluated on an annual basis for each of the account.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 6. REVENUE AND SEGMENT INFORMATION (Continued)

#### (a) Nature of services (Continued)

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(iv) Investment fund	Trading of listed securities through recognised stock exchanges. Investment income from trading of listed securities through recognised stock market is recognised on a trade date basis. Dividend income from listed securities is recognised when the Group's right to receive dividend payment is established. Interest income from listed bonds is recognised on an accrual basis using the effective interest method.

#### (b) Disaggregation of revenue from contracts with customers

The Group's revenue recognised during the year is as follows:

	2021 HK\$'000	2020 HK\$'000
<b>By major services type:</b>		
Corporate finance advisory services		
Sponsor fee income	19,983	37,839
Advisory fee income		
— financial and independent financial advisory	19,666	39,511
— compliance advisory	7,478	8,910
	47,127	86,260
Securities and underwriting services	25,956	17,289
Interest income from margin financing services	6,748	2,091
Asset management services	30	39
Investment fund	28,291	(425)
	108,152	105,254
Total		

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 6. REVENUE AND SEGMENT INFORMATION (Continued)

#### (b) Disaggregation of revenue from contracts with customers (Continued)

	2021 HK\$'000	2020 HK\$'000
<b>Revenue from contracts with customers:</b>		
Corporate finance advisory services	47,127	86,260
Securities and underwriting services	25,956	17,289
Asset management services	30	39
	<b>73,113</b>	103,588
<b>Revenue from other sources:</b>		
Interest income from margin financing services	6,748	2,091
Interest income from listed bonds	3,383	1,791
Dividend income from listed securities	733	1,428
Net change in financial assets at fair value through profit or loss	24,175	(3,644)
	<b>35,039</b>	1,666
	<b>108,152</b>	105,254
	2021 HK\$'000	2020 HK\$'000
<b>Timing of revenue recognition from contracts with customers:</b>		
Services transferred at a point in time	25,956	17,289
Services transferred over time	47,157	86,299
Total	<b>73,113</b>	103,588

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 6. REVENUE AND SEGMENT INFORMATION (Continued)

#### (c) Contract balances

The following table provides information about accounts receivable and contract liabilities from contracts with customers at the end of the year.

	2021 HK\$'000	2020 HK\$'000
Accounts receivable (note 18)	131,187	132,923
Deferred revenue	5,629	8,509

#### Movements in deferred revenue

	2021 HK\$'000	2020 HK\$'000
Balance as at beginning of the year	8,509	9,255
Decrease in deferred revenue as a result of recognising revenue during the year that was included in the deferred revenue at the beginning of the year	(5,946)	(7,430)
Increase in deferred revenue as a result of billing in advance of corporate finance advisory services	3,066	6,684
Balance as at end of the year	5,629	8,509

Sponsor fee income is generally received in advance prior to the beginning of each project and is initially recorded as deferred revenue in the consolidated statement of financial position. The portion of income received from customers but not yet earned is recorded as deferred revenue in the consolidated statement of financial position and be reflected as a current liability if such amount represents revenue that the Group expects to recognise within one year from each reporting date.

The deferred revenue mainly relates to the advance consideration received from customers. Approximately HK\$5,946,000 and HK\$7,430,000 of deferred revenue as of 1 April 2020 and 2019 had been recognised as revenue for the years ended 31 March 2021 and 2020.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 6. REVENUE AND SEGMENT INFORMATION (Continued)

#### (d) Transaction price allocated to the remaining performance obligations

As at 31 March 2021 and 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are approximately HK\$48,634,000 and HK\$62,347,000 respectively. This amount represents revenue expected to be recognised in the future from partially completed long-term service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 1 to 36 months (2020: 6 to 24 months).

#### Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets (excluding financial assets) are all located in Hong Kong.

#### Information about major customers

During the years ended 31 March 2021 and 2020, revenue from major customer who contributed over 10% of the total revenue of the Group is as follows:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Customer A	<b>9,181</b>	N/A

Revenue contributed from customer A is derived from corporate finance advisory services and securities and underwriting services.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 7. OTHER INCOME AND GAINS OR LOSSES, NET

	2021 HK\$'000	2020 HK\$'000
Interest income	131	342
Exchange loss, net	(109)	(16)
Loss on disposal of property, plant and equipment	–	(1)
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	(11,964)	576
Other income	87	46
	<b>(11,855)</b>	947

### 8. PROFIT BEFORE INCOME TAX EXPENSES

The Group's profit before income tax expenses is arrived at after charging:

	2021 HK\$'000	2020 HK\$'000
Auditor's remuneration	1,023	1,113
Depreciation of		
— property, plant and equipment (note 14)	1,023	1,398
— right-of-use assets (note 26)	6,280	6,360
Listing expenses	–	8,011
Bad debt expenses	127	18
Expected credit loss on accounts receivable	2,632	2,361
Low value assets lease expenses	93	103
Staff costs (including directors' remuneration):		
— Salaries, allowances and other benefits	45,914	41,812
— Equity settled share-based payment expenses	1,359	4,992
— Contributions to retirement benefit schemes	697	763
Total staff costs	<b>47,970</b>	47,567

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

#### (a) Directors' remuneration

The emolument of each of the directors for the year is set out below:

	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Bonus HK\$'000	Equity settled share-based payment expenses HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
<b>Year ended 31 March 2021</b>						
<i>Executive directors:</i>						
Mr. Mui Ho Cheung Gary ("Mr. Mui")	-	720	5,000	326	18	6,064
Mr. Liu Chi Wai ("Mr. Liu")	-	1,479	670	118	18	2,285
Mr. Ng Siu Hin Stanley ("Mr. Ng")	-	1,344	670	118	18	2,150
Ms. Ho Sze Man Kristie ("Ms. Ho")	-	1,344	331	118	18	1,811
Mr. Tang Chun Fai Billy ("Mr. Tang")	-	2,066	-	89	18	2,173
	-	6,953	6,671	769	90	14,483
<i>Independent non-executive directors:</i>						
Ms. Lim Yan Xin Reina	180	-	-	-	-	180
Mr. Poon Lai Yin Michael	180	-	-	-	-	180
Dr. Wong Ho Ki	180	-	-	-	-	180
	540	-	-	-	-	540
<b>Total</b>	<b>540</b>	<b>6,953</b>	<b>6,671</b>	<b>769</b>	<b>90</b>	<b>15,023</b>

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

#### (a) Directors' remuneration (Continued)

	Fees HK\$'000	Salaries, allowances and other benefits HK\$'000	Bonus HK\$'000	Equity settled share-based payment expenses HK\$'000	Contributions to retirement benefits schemes HK\$'000	Total HK\$'000
<b>Year ended 31 March 2020</b>						
<i>Executive directors:</i>						
Mr. Mui	–	720	–	764	18	1,502
Mr. Liu	–	1,380	643	278	18	2,319
Mr. Ng	–	1,380	280	278	18	1,956
Ms. Ho	–	1,308	1,200	278	18	2,804
	–	4,788	2,123	1,598	72	8,581
<i>Independent non-executive directors:</i>						
Ms. Lim Yan Xin Reina	90	–	–	–	–	90
Mr. Poon Lai Yin Michael	90	–	–	–	–	90
Dr. Wong Ho Ki	90	–	–	–	–	90
	270	–	–	–	–	270
<b>Total</b>	<b>270</b>	<b>4,788</b>	<b>2,123</b>	<b>1,598</b>	<b>72</b>	<b>8,851</b>

There was no arrangement under which a director waived or agreed to waive any emoluments during the years ended 31 March 2021 and 2020.

Bonus is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance.

As at 31 March 2021 and 2020, save as disclosed in note 18(i) to the consolidated financial statements, there is no other loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2020: nil).

Save as disclosed in notes 18, 31, 35, 37 and 41 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 March 2021 and 2020.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

#### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four directors (2020: three directors) of the Company whose emoluments are included in the disclosure presented above. The emoluments of the remaining one individual (2020: two individuals) are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries, allowances and other benefits	253	3,330
Bonus	3,060	1,056
Equity settled share-based payment expenses	–	416
Contributions to retirement benefits schemes	7	36
	<b>3,320</b>	4,838

The emoluments were within the following bands:

	2021 Number of individuals	2020 Number of individuals
Nil to HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	–	–
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	1	–

During the years ended 31 March 2021 and 2020, no emoluments were paid by the Group to the directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 10. FINANCE COSTS

The Group's finance costs recognised are as follows:

	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowings	13	–
Interest on margin financing	268	239
Interest on lease liabilities (note 26)	328	700
	<b>609</b>	939

### 11. INCOME TAX EXPENSES

	2021 HK\$'000	2020 HK\$'000
Current tax — Hong Kong profits tax		
— Charge for the year	2,627	8,033
— Over-provision in respect of prior years	(165)	(31)
	<b>2,462</b>	8,002
Withholding tax on dividend income	27	20
Income tax expenses	<b>2,489</b>	8,022

Hong Kong profits tax was provided at a rate of 16.5% on the estimated assessable profits for the years ended 31 March 2021 and 2020, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25%, and the profits above HK\$2,000,000 are taxed at 16.5%.

Dividend income received from listed securities in the United States is subject to withholding tax imposed in the country of origin. During the year ended 31 March 2021, the withholding tax rate was ranged from 21% to 30% (2020: 21% to 30%).

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 11. INCOME TAX EXPENSES (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Profit before income tax expenses	<b>18,463</b>	22,172
Tax calculated expenses at the applicable tax rates	<b>3,046</b>	3,658
Tax effect of non-taxable income	<b>(4,630)</b>	(63)
Tax effect of non-deductible expenses	<b>3,406</b>	3,470
Tax effect of temporary differences not recognised	<b>746</b>	864
Tax effect of tax losses not recognised	<b>244</b>	309
Over-provision in respect of prior years	<b>(165)</b>	(31)
Withholding tax on dividend income	<b>27</b>	20
Effect of tax concession	<b>(20)</b>	(40)
Effect of two-tier tax rate	<b>(165)</b>	(165)
Income tax expenses	<b>2,489</b>	8,022

As at 31 March 2021, the Group has estimated unused tax losses of approximately HK\$5,867,000 (2020: HK\$4,388,000) which were available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams. The estimated tax losses have no expiry date.

The deductible temporary differences of approximately HK\$11,480,000 (2020: HK\$6,961,000) can be carried forward indefinitely. No deferred tax asset has been recognised in relation to such deductible temporary difference because, in the opinion of the directors, it is not probable that taxable profits will be available against which those deductible temporary differences can be utilised.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 12. DIVIDENDS

On 10 September 2019, the Company declared dividend of HK\$6,000,000, which was fully paid by its internal resources before the Listing Date.

On 21 November 2019, the Company had further declared the payment of an interim dividend of HK\$0.025 per share with total amount of approximately HK\$10,147,000 for the period ended 30 September 2019 to the shareholders whose names appear on the Company's register of members on 12 December 2019. The interim dividend was fully paid in December 2019.

On 24 June 2020, the board of directors resolved to propose a final dividend for the year ended 31 March 2020 of HK\$0.049 per share, amounting to a total dividend of not less than HK\$19,892,000. The final dividend was fully paid in September 2020.

The board of directors does not recommend the payment of final dividend for the year ended 31 March 2021.

## 13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2021 HK\$'000	2020 HK\$'000
Profit for the year attributable to owners of the Company	16,124	14,150
	2021	2020
Weighted average number of ordinary shares for the purpose of basic earnings per share	405,962,965	367,178,523
Effect of dilutive potential ordinary shares in respect of the Company's share option schemes (notes (ii) and (iii))	316,282	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	406,279,247	367,178,523

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 13. EARNINGS PER SHARE (Continued)

Notes:

- (i) Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue of the Company during the year.
- (ii) The calculation of diluted earnings per share is based on profit for the year attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share options under the Pre-IPO share option scheme, and assuming the exercise is made at no consideration at the beginning of the year.

The Company's share options outstanding as at 31 March 2021 had dilutive effect to the earnings per share because the sum of exercise price and option value of the Company's share options were lower than the average market price of the Company's shares during the year ended 31 March 2021 (2020: no dilution effect).

- (iii) The effect of convertible bonds issued by a subsidiary is not considered for the calculation of diluted earnings per share as it increases profit for the year attributable to owners of the Company.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Computer and equipment HK\$'000	Office furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost:</b>					
At 1 April 2019	3,662	1,991	326	–	5,979
Additions	–	43	9	700	752
Disposals	–	(8)	–	–	(8)
At 31 March 2020 and 1 April 2020	3,662	2,026	335	700	6,723
Additions	–	43	49	–	92
Acquisition of a subsidiary (note 35)	–	–	–	2,850	2,850
Written off	–	(8)	–	–	(8)
At 31 March 2021	3,662	2,061	384	3,550	9,657
<b>Accumulated depreciation:</b>					
At 1 April 2019	2,436	1,209	176	–	3,821
Provided for the year	692	540	73	93	1,398
Disposals	–	(7)	–	–	(7)
At 31 March 2020 and 1 April 2020	3,128	1,742	249	93	5,212
Provided for the year	516	133	44	330	1,023
Written off	–	(8)	–	–	(8)
At 31 March 2021	3,644	1,867	293	423	6,227
<b>Net carrying amount:</b>					
At 31 March 2021	18	194	91	3,127	3,430
At 31 March 2020	534	284	86	607	1,511

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 15. INTANGIBLE ASSET

	<b>Total</b>
	HK\$'000
<b>Cost:</b>	
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	500

As at 31 March 2021 and 2020, intangible asset comprised trading rights held in the Stock Exchange, which allow the Group to trade securities on or through the Stock Exchange. It is considered by the management of the Group as having an indefinite useful life since it is expected to generate net cash inflow indefinitely; and therefore, it is required to be tested for impairment annually and considered not impaired at the reporting date.

### 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
Unlisted equity instruments	<b>571</b>	–

As the equity instruments are not held for trading purpose, the Group has designated these investments as financial assets at fair value through other comprehensive income.

### 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss as at 31 March 2021 represented securities and bonds listed in Hong Kong, Amsterdam, Sweden and the United States (2020: securities and bonds listed in Hong Kong and the United States). Fair value of the listed securities and bonds has been determined by reference to their quoted bid prices at the reporting date at active markets and inactive markets.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 18. ACCOUNTS RECEIVABLE

	Notes	2021 HK\$'000	2020 HK\$'000
Accounts receivable arising from:			
— Securities margin financing services	(i)	97,016	96,689
— Securities dealing and brokerage services from the clearing house	(ii)	8,924	2,266
— Securities dealing and brokerage services from cash clients	(iii)	—	1,633
— Corporate advisory and other services	(iv)	23,078	32,335
Accounts receivable from brokers		2,169	—
		<b>131,187</b>	132,923

Notes:

- (i) Advances to margin clients in margin financing are repayable on demand and carry interest at Hong Kong Dollar Prime Rate plus a spread. Credit facility limits for margin clients are determined by discounted market value of securities collateral accepted by the Group. Fair values of these securities at 31 March 2021 and 2020 were approximately HK\$822,241,000 and HK\$500,106,000, respectively. Based on agreement terms with margin clients, the Group is permitted to sell or repledge the securities in securities account in the absence of default by the margin clients.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the business nature of securities margin financing services.

The Group evaluates the collectability of loans based on management's judgement regarding the change in credit quality, collateral value and past collection history of each margin client. At 31 March 2021 and 2020, the Group had a concentration of credit risk on accounts receivable arising from margin clients. The top five accounts receivable of the Group from margin clients constituted approximately 34.3% of total accounts receivable from margin clients at 31 March 2021 (2020: 40.6%).

The Group has no credit terms for its margin clients.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 18. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(i) (Continued)

Details of margin loan granted to Mr. Mui, a director of the Company, are as follows:

Name of the director	Outstanding balance at the beginning of the year HK\$'000	Outstanding balance at the end of the year HK\$'000	Maximum outstanding balance during the year HK\$'000	Margin finance facilities approved HK\$'000
<b>At 31 March 2021</b>				
Mr. Mui	1,226	1,197	1,226	3,000
<b>At 31 March 2020</b>				
Mr. Mui	–	1,226	1,996	3,000

The margin finance facilities granted to Mr. Mui were secured by securities, bearing interest at Hong Kong Dollar Prime Rate plus a spread and repayable on demand.

- (ii) The settlement terms of accounts receivable from the clearing house arising from the ordinary course of business of securities dealing and brokerage services are two days after the trade date. The balance is neither past due nor impaired.
- (iii) Accounts receivable from securities dealing and brokerage services from cash clients represented unsettled client trades on various securities exchanges transacted at the last two to three business days prior to the end of the reporting period.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the nature of these accounts receivable.

- (iv) In respect of accounts receivable arising from corporate advisory and other services, the ageing analysis based on invoice date (net of impairment loss) is as follows:

	2021 HK\$'000	2020 HK\$'000
Less than 30 days	6,439	8,680
31–90 days	4,035	4,343
91–365 days	4,564	17,024
Over 365 days	8,040	2,288
	<b>23,078</b>	<b>32,335</b>

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 18. ACCOUNTS RECEIVABLE (Continued)

Movements in the provision for impairment of accounts receivable are as follows:

	2021 HK\$'000	2020 HK\$'000
Opening balance	2,476	115
Impairment losses recognised	2,632	2,361
Closing balance	5,108	2,476

### 19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 HK\$'000	2020 HK\$'000
Other receivables	1,063	404
Deposits	2,372	2,118
Prepayments	229	401
	3,664	2,923
<b>Non-current portion</b>		
Deposits	(1,049)	(1,231)
<b>Current portion</b>	2,615	1,692

### 20. PLEDGED BANK DEPOSIT

As at 31 March 2021, HK\$5,000,000 was pledged to a bank for securing bank facilities granted to the Group. The deposit carried interests at 0.01% per annum for the year ended 31 March 2021.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 21. CASH AND BANK BALANCES — HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated client accounts with a recognised institution to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash and bank balances — held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable (note 23) to respective clients as it is liable for any loss or misappropriation of clients' monies. The segregated clients account balances are restricted and governed by the Hong Kong Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance.

### 22. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates.

### 23. ACCOUNTS PAYABLE

	Notes	2021 HK\$'000	2020 HK\$'000
Accounts payable arising from the ordinary course of business of securities dealing and brokerage services	(i)		
— Cash clients		43,760	13,748
— Margin clients		34,471	21,766
Amounts due to broker	(ii)	18,392	8,282
		<b>96,623</b>	<b>43,796</b>

Notes:

- (i) The settlement terms of accounts payable attributable to dealing in securities are two days after the trade date.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this report in view of the business nature of securities dealing and brokerage services.

As at 31 March 2021, included in accounts payable arising from the ordinary course of business of securities dealing and brokerage services was an amount of approximately HK\$56,909,000 (2020: HK\$22,624,000) payable to clients in respect of segregated account balances received and held for clients in the course of the conduct of regulated activities.

- (ii) As at 31 March 2021, amounts due to broker are secured by securities of the Group with amount of approximately HK\$60,022,000 (2020: HK\$23,926,000) which are now or which shall at any time hereafter be deposited with, transferred to or held by the brokers for the Group's obligations under the relevant agreements.

The Group had unutilised credit limit of approximately HK\$42,107,000 from margin financing facilities as at 31 March 2021 (2020: HK\$25,368,000).

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 24. ACCRUALS AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Accruals	6,104	3,250
Other payables	1,332	83,380
	<b>7,436</b>	86,630

### 25. INTERESTS IN CONSOLIDATED INVESTMENT AND OTHER FINANCIAL LIABILITIES

Lego Funds SPC Limited was incorporated in the Cayman Islands under the Companies Law as a segregated portfolio company with limited liability on 14 February 2019. Lego Vision Fund SP (the "Investment") is a segregated portfolio under Lego Funds SPC Limited with initially subscription date on 28 March 2019 and launched on 1 April 2019.

As at 31 March 2021, approximately 28,807 shares and 35,621 shares in Lego Vision Fund SP Class A were held by the Group and other parties (represented approximately 44.7% and 55.3% of issued redeemable participating shares) at a consideration of approximately US\$3,000,000 (equivalent to approximately HK\$23,400,000) and US\$4,330,000 (equivalent to approximately HK\$33,774,000), respectively.

As at 31 March 2020, approximately 28,810 shares and 24,999 shares in Lego Vision Fund SP Class A were held by the Group and other parties (represented approximately 53.5% and 46.5% of issued redeemable participating shares) at a consideration of approximately US\$3,000,000 (equivalent to approximately HK\$23,400,000) and US\$2,273,000 (equivalent to approximately HK\$17,729,000), respectively.

The Group invested in the Investment with primary objectives for capital appreciation, investment gains and selling in the near future for profit. The Investment is set up and managed by respective investment manager who has the power and authority to manage and make decisions for the Investment. Among the Investment held by the Group, where the Group is directly or indirectly involved as an investment manager and also as an investor, the Group regularly assesses and determines whether:

- (i) the Group is acting as an agent or a principal in the Investment;
- (ii) substantive removal rights held by other parties may remove the Group as an investment manager; and
- (iii) the Investment interests held together with its remuneration from servicing and managing the Investment create significant exposure to variability of returns from activities of the assets management products that is of such significance that indicates the Group is a principal.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 25. INTERESTS IN CONSOLIDATED INVESTMENT AND OTHER FINANCIAL LIABILITIES (Continued)

In the opinion of the directors, the variable returns that the Group is exposed to with respect to the Investment are significant and the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group did consolidate the Investment.

As at 31 March 2021, total assets and total liabilities (excluding other parties' interest as stated below) of the Investment, were approximately HK\$43,910,000 and HK\$9,289,000 (31 March 2020: HK\$28,335,000 and HK\$6,782,000), respectively.

As at 31 March 2021, other parties' interests in the Investment consist of other redeemable participating shareholders' interests in the Investment which are reflected as a liability at approximately HK\$45,161,000 (2020: HK\$18,716,000) because they can be put back to the Group for cash. The realisation of net assets in the Investment attributable to other parties cannot be predicted with accuracy because the realisation is subject to the actions of other parties.

For the year ended 31 March 2021, share of investment returns related to interests in consolidated investment held by other redeemable participating shareholders of approximately HK\$11,964,000 (2020: HK\$576,000) was included in "other income and gains or losses, net".

### 26. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases two properties in Hong Kong from which it operates in the capacity of lessee. The periodic rent of lease contracts comprise only fixed payment over the lease term.

The Group also leases certain items of office equipment. Leases of office equipment comprise only fixed payments over the lease terms.

#### (a) Right-of-use assets

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

	2021 HK\$'000	2020 HK\$'000
Properties leased for own use, carried at depreciated cost	9,159	8,518

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 26. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

#### (b) Lease liabilities

	2021 HK\$'000	2020 HK\$'000
Balance as at beginning of the year	8,763	14,878
Lease modification	6,921	–
Interest on lease liabilities (note 10)	328	700
Lease payments	(6,816)	(6,815)
Balance as at end of the year	9,196	8,763

Future lease payments are due as follows:

	Minimum lease payments HK\$'000	Interest HK\$'000	Present value HK\$'000
<b>31 March 2021</b>			
Not later than one year	3,541	86	3,455
Later than one year and not later than two years	2,902	46	2,856
Later than two years and not later than five years	2,902	17	2,885
	9,345	149	9,196
<b>31 March 2020</b>			
Not later than one year	6,816	338	6,478
Later than one year and not later than two years	2,332	47	2,285
	9,148	385	8,763

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 26. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

#### (b) Lease liabilities (Continued)

The present value of future lease payments is analysed as:

	2021 HK\$'000	2020 HK\$'000
Current liabilities	3,455	6,478
Non-current liabilities	5,741	2,285
	<b>9,196</b>	8,763

#### (c) Amounts recognised in profit or loss

	2021 HK\$'000	2020 HK\$'000
Depreciation of right-of-use assets (note 8)	6,280	6,360
Interest on lease liabilities (note 10)	328	700
	<b>6,608</b>	7,060

### 27. CONVERTIBLE BONDS

On 12 October 2018, a subsidiary of the Group, Lohas Holdings Limited (“Lohas Holdings”) issued convertible bonds at its face value at US\$250,000 to WS International Limited (a shareholder of Lohas Holdings). WS International Limited is an independent third party to the Group.

The convertible bonds are denominated in US\$, unsecured, bear no interest and will be matured on 31 December 2022. The convertible bonds shall be converted into Lohas Holdings’ share at consideration of the latest consolidated net asset value per share of Lohas Holdings upon the conversion request at any time before the maturity date. No redemption is allowed before the maturity date. All of the convertible bonds shall be automatically converted into Lohas Holdings’ shares immediately before the maturity date if such convertible bonds have not been converted.

At the date the Group acquired Lohas Holdings, there were outstanding convertible bonds with principal amount of US\$150,000 (equivalent to approximately HK\$1,170,000). No convertible bonds were converted during the year ended 31 March 2021. The convertible bonds are classified as derivative financial instruments and stated at fair value.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 28. BANK BORROWINGS

	2021 HK\$'000	2020 HK\$'000
<b>Current — Secured</b>		
Bank loans due for repayment within one year	5,000	–

Bank loans are secured by the Group's bank deposits amounted to HK\$5,000,000 (note 20), guaranteed by the Company with unlimited amount and a letter of undertaking granted by a director of the Company.

### 29. SHARE CAPITAL

	Notes	Number of shares	Amount HK\$'000
<b>Authorised:</b>			
At 1 April 2019		38,000,000	380
Increase of authorised share	(i)	9,962,000,000	99,620
<hr/>			
At 31 March 2020, 1 April 2020 and 31 March 2021		10,000,000,000	100,000
<hr/>			
<b>Issued and fully paid:</b>			
At 1 April 2019		780	–*
Allotment of shares under reorganisation	(ii)	1,268	–*
Capitalisation issue of shares	(iii)	327,997,952	3,280
Issue of shares under public offer and placing	(iv)	72,000,000	720
Exercise of share options	(v)	5,962,965	60
<hr/>			
At 31 March 2020, 1 April 2020 and 31 March 2021		405,962,965	4,060

\* The balance represents an amount less than HK\$1,000.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 29. SHARE CAPITAL (Continued)

Notes:

- (i) On 10 September 2019, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares of par value of HK\$0.01 each by the creation of an additional of 9,962,000,000 shares.
- (ii) Under the reorganisation in connection with the listing of the shares of the Company on the Main Board of the Stock Exchange, Mr. Mui transferred his entire shareholding interest in the Company to LFGL at a consideration of HK\$7.8, which was determined with reference to the par value of the shares. LFGL and other shareholders transferred their respective 935 shares and an aggregate of 89 shares in Lego Financial Group Investment Holdings Limited to the Company in consideration of the Company allotting and issuing 1,090 shares to LFGL and an aggregate of 178 shares to other shareholders.
- (iii) The directors were authorised to capitalise an amount of approximately HK\$3,280,000 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 327,997,952 ordinary shares for the allotment of shares to existing shareholders.
- (iv) Under a share offer took place during the year ended 31 March 2020, 72,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$1.68 per share for a total consideration (before share issue expenses) of HK\$120,960,000.
- (v) During the year ended 31 March 2020, the share options were exercised to subscribe for 5,962,965 ordinary shares of the Company at a cash consideration, before expenses, of approximately HK\$3,577,000, of which approximately HK\$60,000 was credited to share capital and the balance of approximately HK\$3,517,000 together with share option reserve of approximately HK\$1,622,000 were transferred to the share premium account upon the exercise of the share options.

### 30. RESERVES

Details of the movements of the Group's reserves are set out in the consolidated statement of changes in equity.

#### Reserves of the Company:

	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
<b>At 1 April 2019</b>	730	(3,465)	(2,735)
Profit and total comprehensive income for the year	–	18,946	18,946
Recognition of equity settled share-based payments (note 31)	4,992	–	4,992
Exercise of share options	(1,622)	–	(1,622)
Dividends declared and paid (note 12)	–	(16,147)	(16,147)
<b>At 31 March 2020 and 1 April 2020</b>	4,100	(666)	3,434
Profit and total comprehensive income for the year	–	18,585	18,585
Recognition of equity settled share-based payments (note 31)	1,359	–	1,359
Lapse of share options	(385)	–	(385)
Dividends declared and paid (note 12)	–	(19,892)	(19,892)
<b>At 31 March 2021</b>	5,074	(1,973)	3,101

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 30. RESERVES (Continued)

The following describes the nature and purpose of each reserve within owners' equity.

Reserves	Description and purpose
Share option reserve (note 31)	Cumulative expense recognised on the granting of share options to the grantees over the vesting periods.
Revaluation reserve	Fair value changes of financial assets measured at fair value through other comprehensive income.
Other reserve	The aggregate amount of share capital of subsidiaries comprising the Group.
Accumulated losses/retained earnings	Cumulative net gains and losses recognised in profit or loss.

### 31. SHARE-BASED PAYMENT TRANSACTIONS

#### (a) Pre-IPO Share Option Scheme

The Group operates a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") in order to motivate and retain key staff of the Group for the operation and development of the Group. Eligible participants of the Pre-IPO Share Option Scheme include the Group's directors (excluding independent non-executive directors) and employees. The Pre-IPO Share Option Scheme was conditionally adopted on 6 March 2019 and, unless otherwise cancelled or amended, will remain in force until 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme.

On 6 March 2019, the Group conditionally granted 33,041,054 options to 44 grantees to subscribe for an aggregate of 33,041,054 shares under the Pre-IPO Share Option Scheme for a consideration of HK\$1 per grant.

An option shall vest unto a grantee and may be exercised in whole or in part by the grantee at HK\$0.6 per Share during the option period (the "Option Period"), being a period commencing from the Listing Date and ending on 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme, and in accordance with the manner provided in the grant letter of the option issued by the Company to the grantee subject to any adjustments under the Pre-IPO Share Option Scheme. The options shall only be exercised in following manner:

- (a) not more than 10,200,000 shares (representing not more than 30% of the total number of shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing from the Listing Date and ending on the day immediately before the first anniversary of the Listing Date (the "First Vesting Period");

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 31. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (a) Pre-IPO Share Option Scheme (Continued)

- (b) not more than 10,200,000 shares (representing not more than 30% of the total number of shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing on the day falling on the first anniversary of the Listing Date and ending on the day immediately before the second anniversary of the Listing Date (the "Second Vesting Period"); and
- (c) the remaining shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 13,600,000 shares, representing not more than 40% of the total number of shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) shall vest unto the grantees and become exercisable during the period commencing on the day falling on the second anniversary of the Listing Date and ending on the day immediately before the third anniversary of the Listing Date (the "Third Vesting Period"). For the avoidance of doubt, any outstanding and unexercised option(s) at the end of the First Vesting Period shall be carried over to the Second Vesting Period and shall be exercisable during the Second Vesting Period. Any outstanding and unexercised option(s) at the end of the Second Vesting Period shall be carried over to the Third Vesting Period and shall be exercisable during the Third Vesting Period and until the end of the Option Period.

The estimated fair value of the options granted on the grant date is approximately HK\$9,037,000.

The fair value was measured using the Binomial Option Pricing model. The inputs used in the model were as follows:

Share Options granted on 6 March 2019:

Risk-free Rate (Continuous rate)	1.69%
Share Value as at the Appraisal Date	HK\$0.46 per share
Exercise Price	HK\$0.60
Expected Tenor	8 years
Volatility	60.84%
Dividend Yield	0.00%

The Binomial Option Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

The valuation was performed by Hong Kong Appraisal Advisory Limited, who is independent to the Group.

During the year ended 31 March 2021, the Group recognised total expense in relation to share options granted of approximately HK\$1,359,000 (2020: HK\$4,992,000).

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 31. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (a) Pre-IPO Share Option Scheme (Continued)

Movements in the number of share options are as follows:

	Outstanding at 1 April 2020	Exercised during the year (note (i))	Lapsed during the year	Outstanding at 31 March 2021 (note (ii))
<b>Directors</b>				
Mr. Mui	4,763,452	–	–	4,763,452
Mr. Liu	1,732,165	–	–	1,732,165
Mr. Ng	1,732,165	–	–	1,732,165
Ms. Ho	1,732,165	–	–	1,732,165
Mr. Tang	909,387	–	–	909,387
	<b>10,869,334</b>	–	–	<b>10,869,334</b>
<b>Employees</b>	<b>13,515,234</b>	–	<b>(4,546,939)</b>	<b>8,968,295</b>
<b>Other participants</b>	<b>649,562</b>	–	–	<b>649,562</b>
	<b>25,034,130</b>	–	<b>(4,546,939)</b>	<b>20,487,191</b>
	Outstanding at 1 April 2019	Exercised during the year (note (i))	Lapsed during the year	Outstanding at 31 March 2020 (note (ii))
<b>Directors</b>				
Mr. Mui	4,763,452	–	–	4,763,452
Mr. Liu	1,732,165	–	–	1,732,165
Mr. Ng	1,732,165	–	–	1,732,165
Ms. Ho	1,732,165	–	–	1,732,165
	9,959,947	–	–	9,959,947
<b>Employees</b>	22,431,545	(5,962,965)	(2,043,959)	14,424,621
<b>Other participants</b>	649,562	–	–	649,562
	33,041,054	(5,962,965)	(2,043,959)	25,034,130

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 31. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (a) Pre-IPO Share Option Scheme (Continued)

Notes:

- (i) No share options were exercised during the year ended 31 March 2021. The weighted average share price at the date of exercise during the year ended 31 March 2020 was HK\$1.06.
- (ii) Exercisable share options and weighted average exercise prices are as follows

	2021		2020	
	Number of exercisable share options	Weighted average exercise price	Number of exercisable share options	Weighted average exercise price
Balance at 1 April	3,845,401	0.6	–	N/A
Vested during the year	8,652,151	0.6	9,808,366	0.6
Exercised during the year	–	N/A	(5,962,965)	0.6
Lapsed during the year	(1,416,041)	0.6	–	N/A
Balance at 31 March	11,081,511	0.6	3,845,401	0.6

#### (b) Share Option Scheme

On 10 September 2019, pursuant to a written resolution passed by the shareholders of the Company, the Company has adopted a share option scheme (the "Scheme"), which is effective from the Listing Date (i.e. 30 September 2019).

The purpose of the Scheme is to enable to the board of directors to grant option to eligible persons (including employees or other eligible persons) as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group.

Subject to the provisions in the Scheme, the directors of the Company may at any time and from time to time within a period of 10 years period commencing from the date of adoption of the Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at a consideration of HK\$1 per option, to grant option to any eligible persons as defined in the Scheme (the "Eligible Person(s)").

Notwithstanding anything to the contrary herein, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of shares in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 40,000,000 shares, being 10% of the total number of shares (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised) in issue on the Listing Date (the "Scheme Limit") unless approved by the shareholders. Options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Limit.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 31. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

#### (b) Share Option Scheme (Continued)

The Company may seek separate approval of the shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of the approval of the shareholders on the refreshment of the Scheme Limit. Options previously granted under the Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of shares in issue from time to time (the "Participant Limit"), unless relevant exception conditions were met.

The offer of a grant of share options may be accepted by an eligible person (in whole or in part) within the date not later than 21 days inclusive of, and from, the date upon which it is made, by which the eligible person must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Scheme or after the termination of the Scheme, and no such offer may be accepted by a person who ceases to be an eligible person after the offer has been made. An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the eligible person, together with the payment of nominal consideration of HK\$1 per option by the grantee.

The option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the board of directors to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such 10-year period.

The subscription price of a share in respect of any option granted under the Scheme shall be such price as determined by the board of directors, and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the board of directors passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a share on the Offer Date.

No option under the Scheme has been granted during the year ended 31 March 2021 (2020: nil).

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Other financial liabilities HK\$'000	Lease liabilities HK\$'000	Dividend payable HK\$'000	Convertible bonds HK\$'000	Bank borrowings HK\$'000
<b>At 1 April 2020</b>	<b>18,716</b>	<b>8,763</b>	-	-	-
Interest paid on lease liabilities	-	(328)	-	-	-
Payment of principal portion of lease liabilities	-	(6,488)	-	-	-
Dividends paid	-	-	(19,892)	-	-
Proceeds from issue of redeemable participating shares	19,058	-	-	-	-
Payment for redemption of redeemable participating shares	(4,577)	-	-	-	-
Proceeds from bank borrowings	-	-	-	-	5,000
Interest paid on bank borrowings	-	-	-	-	(13)
<b>Other changes:</b>					
Effect of lease modification	-	6,921	-	-	-
Interest on lease liabilities	-	328	-	-	-
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	11,964	-	-	-	-
Dividend declared	-	-	19,892	-	-
Acquisition of a subsidiary (note 35)	-	-	-	1,165	-
Exchange difference	-	-	-	5	-
Interest on bank borrowings	-	-	-	-	13
<b>At 31 March 2021</b>	<b>45,161</b>	<b>9,196</b>	-	<b>1,170</b>	<b>5,000</b>

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Other financial liabilities HK\$'000	Lease liabilities HK\$'000	Dividend payable HK\$'000
<b>At 1 April 2019</b>	8,426	–	–
Interest paid on lease liabilities	–	(700)	–
Payment of principal portion of lease liabilities	–	(6,115)	–
Dividends paid	–	–	(16,147)
Proceeds from issue of redeemable participating shares	10,866	–	–
<b>Other changes:</b>			
Adoption of HKFRS 16	–	14,878	–
Interest on lease liabilities	–	700	–
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	(576)	–	–
Dividend declared	–	–	16,147
<b>At 31 March 2020</b>	18,716	8,763	–

### 33. EMPLOYEE RETIREMENT BENEFITS

The employees of the Company's subsidiaries in Hong Kong participate in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. All employees joining the Group are required to join the MPF Scheme.

Under the current rules of the MPF Scheme, employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income capped at HK\$1,500 per month. The retirement benefit costs charged to profit or loss represent contributions payable by the Group at rates specified in the rules of the MPF Scheme.

As at 31 March 2021 and 2020, there were no forfeited contributions available to offset future employers' contributions to the MPF Scheme.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 34. COMMITMENTS

#### (a) Operating lease commitments

As lessee

As at the end of the reporting period, the Group had commitments for future minimum lease payments in respect of offices and machines under non-cancellable leases as follows:

	2021 HK\$'000	2020 HK\$'000
Within one year	91	93
One to two years	60	91
More than two years	–	60
	<b>151</b>	<b>244</b>

The Group has elected not to recognise right-of-use assets and lease liabilities for these low-value assets.

#### (b) Underwriting commitments

At the end of the reporting period, the Group had underwriting commitment as follows to purchase the securities in underwriting at an agreed price between the Group and issuer of securities, regardless of whether or not the securities can be sold to investors in the futures.

	2021 HK\$'000	2020 HK\$'000
Underwriting commitment	–	580

In the opinion of the directors, fair values of the underwriting arrangements are insignificant to the Group.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 35. ACQUISITION OF SUBSIDIARIES

On 4 May 2020, the Group acquired 99.6% interest in Lohas Holdings. A subsidiary of Lohas Holdings is applying an insurance license and plans to launch and sell insurance products to retail and high net worth clients. The acquisition was made with an aim to diversify the Group's operation portfolio and expand the Group's possible revenue stream.

On 3 December 2020, the Group acquired 100% equity interest of Bountiful Sky Limited ("Bountiful Sky") from a director of the Company. The principal activity of Bountiful Sky is investment holding.

The following summarises the consideration paid, the fair value of net assets acquired of Lohas Holdings and the amounts of the assets acquired of Bountiful Sky at the date of acquisition:

	<b>Lohas Holdings</b>	<b>Bountiful Sky</b>	<b>Total</b>
	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment (note 14)	–	2,850	2,850
Cash and bank balances	3,492	–	3,492
Other receivables and prepayments	231	–	231
Accruals and other payables	(235)	–	(235)
Convertible bonds	(1,165)	–	(1,165)
Non-controlling interests	(1,546)	–	(1,546)
Net assets acquired	777	2,850	3,627
Consideration transferred	777	2,850	3,627
Cash consideration payment	777	2,850	3,627
Less: cash and bank balances acquired	(3,492)	–	(3,492)
Net cash inflow/(outflow) on acquisition	2,715	(2,850)	(135)

None of the financial assets has been impaired and it is expected that the full contractual amounts can be collected.

The Group has elected to measure the non-controlling interests in Lohas Holdings at proportion of the net assets of Lohas Holdings. The amount of the non-controlling interests at the acquisition date amounted to approximately HK\$1,546,000.

Since the acquisition date, Lohas Holdings has contributed zero revenue and net loss of approximately HK\$578,000 to the Group. If the acquisition had occurred on 1 April 2020, revenue and net loss would have been zero and HK\$578,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2020, nor is it intended to be a projection of future performance.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT

#### (a) Categories of financial instruments

	2021 HK\$'000	2020 HK\$'000
<b>Financial assets at amortised cost</b>		
Accounts receivable	131,187	132,923
Other receivables and deposits	3,435	2,522
Pledged bank deposit	5,000	–
Cash and bank balances — held on behalf of customers	56,909	22,624
Cash and bank balances	38,095	127,861
	<b>234,626</b>	285,930
<b>Financial assets at fair value through profit or loss</b>		
Listed securities	65,716	30,015
Listed bonds	29,128	20,706
	<b>94,844</b>	50,721
<b>Financial assets at fair value through other comprehensive income</b>		
Unlisted equity instruments	571	–
	<b>330,041</b>	336,651
<b>Financial liabilities at amortised cost</b>		
Accounts payable	96,623	43,796
Accruals and other payables	7,436	86,630
Other financial liabilities	45,161	18,716
Bank borrowings	5,000	–
	<b>154,220</b>	149,142
<b>Financial liabilities at fair value through profit or loss</b>		
Convertible bonds	1,170	–
<b>Lease liabilities</b>		
	<b>9,196</b>	8,763
	<b>164,586</b>	157,905

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 36. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Financial risk management objectives and policies

The objective of the Group's risk management is to achieve an appropriate balance between risk and return, and reduce the negative impact on the Group's operating results and maximise shareholder's value. The Group's risk management strategy is to identify and analyse various risks faced by the Group, establish appropriate risk tolerance, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

The main risks arising from the Group's financial instruments include interest rate risk, credit risk, liquidity risk and equity price risk. The Group has no significant exposures to other financial risks except as disclosed below. Directors of the Company review and agree policies for managing each of these risks and they are summarised below:

#### (i) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

##### *Fair value interest rate risk*

The Group's fair value interest rate risk relates primarily to investments in listed bonds within financial assets measured at FVTPL that carried at fixed interest rates.

The Group's interest rate profile and fair value interest rate risk exposure are summarised as follows:

	2021		2020	
	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
<b>Financial assets carried at fixed interest rates</b>				
Listed bonds measured at FVTPL	7.5%–14.25%	29,128	7.5%–13.75%	20,706

If the interest rates had been increased/decreased by 50 basis points at the beginning of the year and all other variables were held constant, the Group's profit after income tax expenses and retained earnings would decrease/increase by approximately HK\$146,000 (2020: HK\$104,000). The assumed changes have no impact on the other components of equity.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (i) Interest rate risk (Continued)

###### *Cash flow interest rate risk*

The Group's cash flow interest rate risk relates primarily to accounts receivable from securities margin financing services, cash at banks and amounts due to broker carried at floating interest rates. The Group's exposure to interest rate risk arising from the interest-bearing assets can be offset against the Group's interest-bearing liabilities. Management actively monitors the Group's net interest rate exposure through setting limits on the level of mismatch of interest rate re-pricing and duration gap and aims at maintaining an interest rate spread, such that the Group is always in a net interest-bearing asset position and derives net interest income. The directors considered that there is no significant concentration of interest rate risk exposure.

The Group's interest rate profile and cash flow interest rate risk exposure arises on positions with the following carrying values:

	2021		2020	
	Effective interest rate	HK\$'000	Effective interest rate	HK\$'000
<b>Floating rate assets</b>				
Accounts receivable from securities margin financing services	Prime rate + a spread	97,016	Prime rate + a spread	96,689
<b>Floating rate liabilities</b>				
Amounts due to broker	Prime rate + a spread	(18,392)	Prime rate + a spread	(8,282)
Net exposure*		78,624		88,407

\* The net exposure excluded cash at banks held on behalf of customers and cash at banks of the Group, which have limited fluctuation on interest rate over the year. In the opinion of the directors that the Group's exposure to cash flow interest rate risk on these financial assets is minimal. Accordingly, no sensitivity analysis is presented on these cash at banks.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 36. FINANCIAL RISK MANAGEMENT (Continued)

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

#### (i) Interest rate risk (Continued)

##### *Cash flow interest rate risk (Continued)*

If the interest rates had been increased/decreased by 50 basis points at the beginning of the year and all other variables were held constant, the Group's profit after income tax expenses and retained earnings would increase/decrease by approximately HK\$313,000 for the year end 31 March 2021 (2020: HK\$362,000). The assumed changes have no impact on the other components of equity.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve-month period.

The sensitivity analysis included in the consolidated financial statements for the year ended 31 March 2020 has been prepared on the same basis.

#### (ii) Credit risk

The Group's maximum exposure to credit risk is the carrying amounts of investments in listed bonds classified as financial assets at FVTPL, cash at banks, accounts receivable, other receivables and deposits. At the end of the reporting period, the Group has a certain concentration of credit risk as 8% and 26% (2020: 10% and 30%) of the total accounts receivable was due from the Group's largest debtor and the five largest debtors, respectively.

For the Group's investments in listed bonds, the investment team of the Group assess the financial performance of the holders and issuers to ensure that the holders and issuers can satisfy the repayment of the principal and interest as they fall due. The Group has set portfolio size and single issuer limits to control the Group's exposure to the credit risk. The Group also monitors the credit rating and market news of the issuers of respective bonds.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at 31 March 2021 and 2020, substantially all of the Group's cash at banks were deposited with major financial institutions in Hong Kong, which management believes are of high-credit-quality without significant credit risk.

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (ii) Credit risk (Continued)

The credit risk is primarily attributable to accounts receivable. In order to minimise the credit risk on margin financing and IPO financing, the credit committee is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and receivables from margin clients with shortfalls in relation to the Group's securities and financing services. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

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

##### *Accounts receivable*

The Group applies the simplified approach to providing ECLs prescribed by HKFRS 9, which permits the use of simplified approach for accounts receivable arising from corporate advisory and other services; and general approach to measure ECLs on accounts receivable arising from securities margin financing services. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECLs. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-months ECLs, Stage 2: Lifetime ECLs — not credit-impaired and Stage 3: Lifetime ECLs — credit-impaired.

As accounts receivable from brokers and accounts receivable arising from securities dealing and brokerage services from the clearing house, which the counterparties had high credit rating and are governed by regulators including the Hong Kong Monetary Authority and the Hong Kong Securities and Futures Commission, whereas the cash clients had sufficient cash held by the Group, the risk of default in repayment of these debtors are considered to be minimal by the directors and no ECLs provision were made for these debtors.

The ECLs on accounts receivable arising from corporate advisory and other services is estimated with reference to past default experience of the debtors and current market condition in relation to each debtor's exposure. The ECLs also incorporates forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle outstanding balances. To measure the ECLs, the accounts receivable have been grouped together with similar risk characteristics and the days past due according to the ageing analysis as disclosed in note 18 to the consolidated financial statements.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (ii) Credit risk (Continued)

###### *Accounts receivable (Continued)*

Expected loss rates of accounts receivable arising from corporate advisory and other services are assessed to be 0.73% to 34.65% (2020: 0.61% to 28.87%) due to impact of outbreak of Novel Coronavirus ("COVID-19") on the global business environment and increasing credit risk of customers. The provision is determined as follows:

	Less than 30 days	31–90 days	91–365 days	Over 365 days	Total
<b>As 31 March 2021</b>					
Expected loss rates	0.73%	1.27%	6.72%	34.65%	
Gross carrying amount (HK\$'000)	6,487	4,087	4,893	12,302	27,769
Loss allowance provision (HK\$'000)	48	52	329	4,262	4,691
<b>As 31 March 2020</b>					
Expected loss rates	0.61%	1.06%	5.60%	28.87%	
Gross carrying amount (HK\$'000)	8,733	4,390	18,035	3,216	34,374
Loss allowance provision (HK\$'000)	53	47	1,011	928	2,039

The Group provides clients with securities margin financing services for securities transactions, which are secured by clients' securities or cash held as collateral. Each client has a maximum credit limit based on the quality of collateral held and the financial background of the client. Management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The overdue outstanding balances for margin clients are reviewed daily, and force-sell action may be taken against clients with overdue outstanding balances on case by case basis.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (ii) Credit risk (Continued)

##### *Accounts receivable (Continued)*

Analysis of the gross carrying amount of accounts receivable arising from securities margin financing services is as follows:

	12-month ECL HK\$'000	Lifetime ECL, not credit- impaired HK\$'000	Lifetime ECL, credit- impaired HK\$'000	Total HK\$'000
<b>At 1 April 2019</b>	1,724	–	–	1,724
Financial assets that have been derecognised	(1,724)	–	–	(1,724)
Transfer to lifetime ECLs not credit-impaired	(4,348)	4,348	–	–
New financial assets originated	95,499	1,627	–	97,126
<b>At 31 March 2020 and 1 April 2020</b>	91,151	5,975	–	97,126
Financial assets that have been derecognised	(48,498)	(4,535)	–	(53,033)
Transfer to lifetime ECL not credit-impaired	(3,288)	3,288	–	–
Transfer from lifetime ECL not credit-impaired	1,440	(1,440)	–	–
New financial assets originated	45,492	7,848	–	53,340
<b>At 31 March 2021</b>	86,297	11,136	–	97,433

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (ii) Credit risk (Continued)

*Accounts receivable (Continued)*

Movements in the allowances for impairment that has been recognised for accounts receivable arising from securities margin financing services are as follows:

	12-month ECL HK\$'000	Lifetime ECL, not credit- impaired HK\$'000	Lifetime ECL, credit- impaired HK\$'000	Total HK\$'000
<b>At 1 April 2019</b>	10	–	–	10
Transfer to lifetime ECLs not credit-impaired	(3)	3	–	–
Impairment loss charged to profit or loss	263	164	–	427
<b>At 31 March 2020 and 1 April 2020</b>	270	167	–	437
Derecognition	(196)	(163)	–	(359)
Transfer to lifetime ECL not credit-impaired	(20)	20	–	–
Transfer from lifetime ECL not credit-impaired	4	(4)	–	–
Impairment loss charged to profit or loss	47	292	–	339
<b>At 31 March 2021</b>	105	312	–	417

As at 31 March 2021 and 2020, the fair value of accounts receivable approximated to their carrying amounts. The maximum exposure to credit risk at the reporting date was the carrying value of each class of receivables mentioned above.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (ii) Credit risk (Continued)

###### *Other receivables and deposits*

As at 31 March 2021, the management of the Group takes into account the historical default experience and forward-looking information, as appropriate, for example the Group considers the consistently low historical default rates of counterparties, and concludes that credit risk inherent in the Group's outstanding other receivables and deposits is insignificant. The management of the Group has assessed that other receivables and deposits do not have a significant increase in credit risk since initial recognition and risk of default is insignificant, therefore the ECLs for these financial assets were immaterial under the 12-months ECLs method and no loss allowance provision was recognised during the reporting period (2020: nil).

##### (iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long terms.

The following table shows the remaining contractual maturities at the end of reporting periods of the Group's non-derivative and derivative financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the reporting date) and the earliest date the Group can be required to settle the obligations.

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
<b>31 March 2021</b>						
Accounts payable	96,623	96,623	96,623	–	–	–
Accruals and other payables	7,436	7,436	7,436	–	–	–
Lease liabilities	9,196	9,345	3,541	2,902	2,902	–
Other financial liabilities	45,161	45,161	45,161	–	–	–
Bank borrowings	5,000	5,011	5,011	–	–	–
Convertible bonds	1,170	1,170	1,170	–	–	–
	164,586	164,746	158,942	2,902	2,902	–
<b>31 March 2020</b>						
Accounts payable	43,796	43,796	43,796	–	–	–
Accruals and other payables	86,630	86,630	86,630	–	–	–
Lease liabilities	8,763	9,148	6,816	2,332	–	–
Other financial liabilities	18,716	18,716	18,716	–	–	–
	157,905	158,290	155,958	2,332	–	–

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 36. FINANCIAL RISK MANAGEMENT (Continued)

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

#### (iv) Equity price risk

The Group is exposed to equity price changes arising from listed securities measured at FVTPL and unlisted equity instruments measured at FVOCI.

The Group's listed investments are listed on various stock exchange. Decisions to buy and sell trading securities are based on daily monitoring of the performance of individual securities compared to that of industry indicators, as well as the Group's liquidity needs. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the respective equity instruments had been 5% higher/lower, profit/loss for the year (and retained earnings) would increase/decrease by approximately HK\$3,286,000 and revaluation reserve would increase/decrease by approximately HK\$26,000.

## 36. FINANCIAL RISK MANAGEMENT (Continued)

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

#### (v) Fair value and fair value hierarchy

##### (a) *Financial instruments not measured at fair value*

At 31 March 2021 and 2020, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

The fair values of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of cash and bank balances, pledged bank deposit, accounts receivable, other receivables and deposits, accounts payable, accruals and other payables, other financial liabilities, lease liabilities and bank borrowings approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

##### (b) *Financial instruments measured at fair value*

HKFRS 13 introduced a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and financial liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and financial liabilities. The fair value hierarchy has the following levels:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: observable direct and indirect inputs other than quoted prices included within Level 1; and
- Level 3: unobservable inputs are inputs for which market data are not available.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (v) Fair value and fair value hierarchy (Continued)

##### (b) Financial instruments measured at fair value (Continued)

The financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 31 March 2021</b>				
Financial assets at FVTPL				
— Listed securities	65,716	–	–	65,716
— Listed bonds	–	29,128	–	29,128
Financial assets at FVOCI				
— Unlisted equity instruments	–	–	571	571
	65,716	29,128	571	95,415
Financial liabilities at FVTPL				
— Convertible bonds	–	–	1,170	1,170
<b>At 31 March 2020</b>				
Financial assets at FVTPL				
— Listed securities	30,015	–	–	30,015
— Listed bonds	–	20,706	–	20,706
	30,015	20,706	–	50,721

The level in the fair value hierarchy within which the financial assets are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2020: nil).

The methods and valuation techniques used for the purpose of measuring fair value are unchanged for the reporting period.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 36. FINANCIAL RISK MANAGEMENT (Continued)

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

#### (v) Fair value and fair value hierarchy (Continued)

##### *Information about level 1 fair value measurements*

Financial instruments which value are based on quoted market prices in active markets, and are therefore classified within level 1, include listed shares denominated in HK\$, EUR, SEK and US\$ (2020: listed shares denominated in HK\$ and US\$) classified as financial assets at FVTPL as at 31 March 2021.

A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

##### *Information about level 2 fair value measurements*

Financial instruments that are not traded in active markets but are valued based on quoted market prices, dealer quotations or alternative pricing sources from brokers supported by observable inputs are classified within level 2. Level 2 instruments include listed bonds denominated in US\$ classified as financial assets at FVTPL as at 31 March 2021 and 2020. As the securities were trade in markets that are not considered to be active, the valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

##### *Information about level 3 fair value measurements*

#### (a) Equity investment

The fair value of the unlisted equity investment in InnoBlock Technology Limited ("InnoBlock") is determined by applying income approach, using discounted cash flow method.

A reconciliation of the opening and closing fair value balance is provided below.

	HK\$'000
<b>At 1 April 2020</b>	–
Purchase	540
Gain on revaluation	31
<b>At 31 March 2021</b>	571

#### Significant unobservable inputs

Weighted average cost of capital	19.04%
Long term revenue growth rate	2.50%
Discount for lack of marketability	20.60%
Discount for lack of control	30.80%

Increased long term revenue growth rate by 5% and lower weighted average cost of capital by 5% would increase the fair value of InnoBlock by approximately HK\$14,000. Lower long term revenue growth rate by 5% and higher weighted average cost of capital by 5% would decrease the value of InnoBlock by approximately HK\$17,000.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 36. FINANCIAL RISK MANAGEMENT (Continued)

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

#### (v) Fair value and fair value hierarchy (Continued)

*Information about level 3 fair value measurements (Continued)*

#### (b) Convertible bonds

The fair value of convertible bonds is determined by applying cost approach, using asset-based approach, based on the unaudited consolidated financial statements of Lohas Holdings. The valuation takes account of the terms and conditions of convertible bonds and the amount of outstanding convertible bonds.

A reconciliation of the opening and closing fair value balance is provided below.

	HK\$'000
<b>At 1 April 2020</b>	–
Acquisition of subsidiaries (note 35)	1,165
Exchange difference	5
<b>At 31 March 2021</b>	1,170

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (vi) Offsetting financial assets and financial liabilities

The following tables present details of financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

	Financial assets subject to offsetting					
	Gross amount of recognised financial assets		Related amounts not offset in the consolidated statement of financial position			
	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities offset in the consolidated statement of financial position	Net amount of financial assets presented in the consolidated statement of financial position	Financial instruments other than cash collateral	Collateral received	Net amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 March 2021</b>						
Type of financial assets						
Accounts receivable arising from securities dealing and brokerage services from the clearing house	21,475	(12,551)	8,924	–	–	8,924
<b>At 31 March 2020</b>						
Type of financial assets						
Accounts receivable arising from securities dealing and brokerage services from the clearing house	12,932	(10,666)	2,266	–	–	2,266

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (vi) Offsetting financial assets and financial liabilities (Continued)

	Financial liabilities subject to offsetting					
	Gross amount of financial liabilities	Gross amount of financial assets offset in the consolidated statement of financial position	Net amount of financial liabilities presented in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		
				Financial instruments other than cash collateral	Collateral received	Net amount
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>At 31 March 2021</b>						
Type of financial liabilities						
Accounts payable arising from securities dealing and brokerage services to the clearing house	(12,551)	12,551	-	-	-	-
<b>At 31 March 2020</b>						
Type of financial liabilities						
Accounts payable arising from securities dealing and brokerage services to the clearing house	(10,666)	10,666	-	-	-	-

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 36. FINANCIAL RISK MANAGEMENT (Continued)

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

##### (vi) Offsetting financial assets and financial liabilities (Continued)

The tables below reconcile the amounts of accounts receivable and accounts payable as presented in the consolidated statement of financial position:

	2021 HK\$'000	2020 HK\$'000
<b>Accounts receivable</b>		
Net amount of accounts receivable arising from securities dealing and brokerage services from the clearing house	8,924	2,266
Accounts receivable not in the scope of offsetting disclosure	122,263	130,657
Accounts receivable as disclosed in the consolidated statement of financial position	131,187	132,923
<b>Accounts payable</b>		
Net amount of accounts payable arising from securities dealing and brokerage services to the clearing house	–	–
Accounts payable not in the scope of offsetting disclosure	96,623	43,796
Accounts payable as disclosed in the consolidated statement of financial position	96,623	43,796

#### (c) Capital risk management

The Group's objectives of managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders, and
- To provide an adequate return to the shareholders by pricing services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends pay to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

# Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

## 36. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Capital risk management (Continued)

As at 31 March 2021, the Group has bank borrowings, amounts due to broker and convertible bonds of approximately HK\$5,000,000, HK\$18,392,000 and HK\$1,170,000, respectively (31 March 2020: nil, HK\$8,282,000 and nil, respectively). As at 31 March 2021, the Group's total debt incurred (including bank borrowings, amounts due to broker, convertible bonds and lease liabilities) were approximately HK\$33,758,000 (31 March 2020: HK\$17,045,000), representing a gearing ratio of approximately 19.4% (31 March 2020: 9.8%). Gearing ratio is calculated based on total borrowings divided by the total equity as at the reporting date.

The Group is regulated by the Securities and Futures Commission and is required to comply with certain minimum liquid capital requirements according to the Securities and Futures Ordinance. Management monitors, on a daily basis, the Group's liquid capital to ensure they meet the minimum liquid capital requirements in accordance with the Securities and Futures (Financial Resources) Rules.

## 37. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group also had the following significant related party transactions during the reporting period:

### (a) Compensation of key management personnel

Compensation of key management personnel of the Group, including directors' remuneration as disclosed in note 9(a) to the consolidated financial statements, is as follows:

	2021 HK\$'000	2020 HK\$'000
Directors' fees	540	270
Salaries, allowances and other benefits	13,624	6,911
Equity settled share-based payment expenses	769	1,598
Contributions to retirement benefits schemes	90	72
	<b>15,023</b>	8,851

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 37. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Related party transactions

Name of related parties	Notes	Nature of transactions	2021 HK\$'000	2020 HK\$'000
Mr. Mui		Brokerage and securities financing income	92	74
		Acquisition of a subsidiary	2,850	–
Mr. Tang		Brokerage income	3	–
Lego China Special Opportunities Fund SP	(i)	Brokerage and securities financing income	–	27
		Management fee income	–	39
Lego Finance Limited	(ii)	Management fee income	–	30

Notes:

- (i) Lego China Special Opportunities Fund SP was a fund under management of the Group, and thus a related party of the Company.
- (ii) Lego Finance Limited is a wholly owned subsidiary of LFGL.
- (iii) The above transactions with the related parties were negotiated and carried out in the ordinary course of business and at terms agreed between the Group and the related parties.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Investment in subsidiaries	39	5,140	4,620
<b>Current assets</b>			
Amounts due from subsidiaries		115,656	104,457
Cash and bank balances		11	12,324
		115,667	116,781
<b>Current liabilities</b>			
Accruals		1,161	1,422
<b>Net current assets</b>		114,506	115,359
<b>Net assets</b>		119,646	119,979
<b>Equity</b>			
Share capital	29	4,060	4,060
Share premium		112,485	112,485
Reserves	30	3,101	3,434
<b>Total equity</b>		119,646	119,979

On behalf of the directors

**Mui Ho Cheung Gary**  
Director

**Ng Siu Hin Stanley**  
Director

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 39. PARTICULAR OF SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 March 2021. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of incorporation	Principal activities and place of operation	Issued share capital	Percentage of equity attributable to the Company	
				Directly	Indirectly
Lego Financial Group Investment Holdings Limited	British Virgin Islands 15 March 2018	Investment holding	US\$1,024	100%	–
Lego Corporate Finance Limited	Hong Kong 30 July 2015	Provision of corporate finance advisory services in Hong Kong	HK\$10,200,000	–	100%
Lego Securities Limited	Hong Kong 27 June 2016	Provision of brokerage, underwriting and securities margin financing services in Hong Kong	HK\$101,500,000	–	100%
Lego Asset Management Limited	Hong Kong 6 April 2017	Provision of asset management services in Hong Kong	HK\$8,000,000	–	100%
Lego Asset Management (Cayman) Limited	Cayman Islands 12 February 2019	Investment holding	US\$1	–	100%
Lego Funds SPC Limited	Cayman Islands 14 February 2019	Provision of mutual fund business in Cayman islands	US\$100*	–	100%
Lohas Holdings Limited	St. Vincent and the Grenadines 25 May 2018	Investment holding	US\$251	–	99.6%
Lohas Limited	St. Vincent and the Grenadines 25 May 2018	Investment holding	US\$100	–	50.8%
Lohas Life Insurance Limited	Barbados 8 August 2018	Inactive	US\$1	–	50.8%
Bountiful Sky Limited	British Virgin Islands 13 June 2018	Investment holding	US\$2	–	100%

\* Being management shares held by the Group.

## Notes to the Financial Statements (Continued)

For the year ended 31 March 2021

### 39. PARTICULAR OF SUBSIDIARIES (Continued)

In addition, the following segregated portfolio is also a consolidated investment for the purpose of Appendix 16 of the Listing Rules. The consolidated investment is not a body corporate and therefore does not have any paid-up register capital.

Name of investment fund	Place of registration and operation and date of initial subscription	Principal activity	Net assets attributable to holders of redeemable participating shares	Percentage of equity attributable to the Company	
				Directly	Indirectly
Lego Vision Fund SP (a segregated portfolio of Lego Funds SPC Limited)	Cayman Islands 28 March 2019	Fund Investment	US\$9,927,088	–	44.7%

### 40. CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any significant contingent liabilities (2020: nil).

### 41. SUBSEQUENT EVENTS

On 1 April 2021, a total of 4,000,000 share options under a share option scheme to subscribe for shares of the Company were granted to a director of the Company. Each option shall entitle the holder to subscribe for one share upon exercise of such option at an exercise price of HK\$0.285 per share with the validity period of 10 years from the grant date.

Save as disclosed above, there is no significant subsequent event after the year ended 31 March 2021.

### 42. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified, to conform with the current year's presentation and disclosures. The directors of the Company consider that such presentation would better reflect the financial performance and position of the Group.

During the current year, interest income of HK\$3,383,000 (2020: HK\$1,791,000), dividend income of HK\$733,000 (2020: HK\$1,428,000) and net change in financial assets at fair value through profit or loss of HK\$24,175,000 (2020: loss of HK\$3,644,000) were regrouped from "other income and gains or losses, net" to "revenue" in the consolidated statement of profit or loss and other comprehensive income. The comparative figures had been regrouped to conform with the current year presentation.

### 43. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the directors on 24 June 2021.