Significant Accounting Policies

Apart from the accounting policies presented within the corresponding notes to the consolidated financial statements, other significant accounting policies are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of preparation

Sa Sa International Holdings Limited (the "Company") and its subsidiaries are collectively referred as the Group in the consolidated financial statements. The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in "Critical Accounting Estimates and Judgements" on page 171.

2 Changes in accounting policies

(i) Amendment to standard mandatory for the first time for the financial year beginning 1 April 2020 and were early adopted

- HKFRS 9, HKAS 39, HKFRS 7 (Amendment), "Interest Rate Benchmark Reform"

(ii) Amendments to standards and revised conceptual framework mandatory for the first time for the financial year beginning 1 April 2020 and were not early adopted

- HKAS 1 and HKAS 8 (Amendment), "Amendments to Definition of Material"
- HKFRS 3 (Amendment), "Definition of Business"
- Conceptual Framework for Financial Reporting 2018, "Revised Conceptual Framework for Financial Reporting"

The adoption of these amendments to standards and revised conceptual framework did not have any material impact on the Group's accounting policies and did not require retrospective adjustments.

(iii) Amendments to standards, interpretation and revised accounting guideline issued but not yet effective for the financial year beginning 1 April 2020 where early adoption is permitted

The Group has early applied the following amendments to standards issued but not yet effective for the financial year beginning 1 April 2020:

- HKAS 1 (Amendment), "Classification of Liabilities as Current or Non-current" (effective for annual periods beginning on or after 1 April 2022). The amendment clarifies that the liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The right to defer only exists if the entity complies with any relevant conditions at the reporting date. The early adoption of HKAS 1 (Amendment) does not have any impact to the Group as the Group does not have any liabilities with a substantive right to defer settlement as at 31 March 2021.

2 Changes in accounting policies (continued)

(iii) Amendments to standards, interpretation and revised accounting guideline issued but not yet effective for the financial year beginning 1 April 2020 where early adoption is permitted (continued)

- Annual Improvements Project (Amendment), "Annual Improvements to HKFRS 2018-2020" (effective for annual periods beginning on or after 1 April 2022). The Annual Improvements to HKFRS 2018-2020 contains the following amendments to HKFRS:

  – HKFRS 1 (Amendment), "Subsidiary as a First-time Adopter". HKFRS 1 allows an exemption if a subsidiary adopts HKFRS at a later date than its parent. This amendment allows entities that have taken this HKFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to HKFRS.

  – HKFRS 9 (Amendment), "Fees Included in the 10% Test for Derecognition of Financial Liabilities". The amendment addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under this amendment, costs or fees paid to third parties will not be included in the 10% test.

  – HKFRS 16 (Amendment), "Illustrative Examples Accompanying HKFRS 16". The amendment removes the illustration of payments from the lessor relating to leasehold improvements in order to remove any potential confusion about the treatment of lease incentives.

  – HKAS 41 (Amendment), "Taxation in Fair Value Measurements". The amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13 "Fair Value Measurement".

  The early adoption of Annual Improvements Project (Amendment) does not have any impact to the Group.

- HKFRS 3 (Amendment), "Reference to the Conceptual Framework" (effective for annual periods beginning on or after 1 April 2022). The amendment has updated HKFRS 3 "Business Combinations" to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the amendment added a new exception in HKFRS 3 for liabilities and contingent liabilities. The early adoption of HKFRS 3 (Amendment) does not have any impact to the Group as the Group does not have any business combination during the year ended 31 March 2021.

- HKAS 16 (Amendment), "Property, Plant and Equipment: Proceeds before Intended Use" (effective for annual periods beginning on or after 1 April 2022). The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, and clarifies that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The early adoption of HKAS 16 (Amendment) does not have any impact to the Group as the Group does not have any proceeds received while the Group is preparing the asset for its intended use during the year ended 31 March 2021.

- HKAS 37 (Amendment), "Onerous Contracts – Cost of Fulfilling a Contract" (effective for annual periods beginning on or after 1 April 2022). The amendment clarifies the meaning of cost of fulfilling a contract and explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment also clarifies that before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract. The early adoption of HKAS 37 (Amendment) does not have any material impact to the Group as the Group does not have any significant onerous contracts as of and during the year ended 31 March 2021.

2 Changes in accounting policies (continued)

(iii) Amendments to standards, interpretation and revised accounting guideline issued but not yet effective for the financial year beginning 1 April 2020 where early adoption is permitted (continued)

- Hong Kong Accounting Guideline 5 (Revised), "Merger Accounting for Common Control Combinations" (effective for annual periods beginning on or after 1 April 2022). The accounting guideline clarifies a common control transaction involving inserting a shell entity between a parent entity and a single subsidiary or between a parent entity and a group of subsidiaries is not a business combination, and accordingly is not a 'common control combination'. The early adoption of Hong Kong Accounting Guideline 5 (Revised) does not have any impact to the Group as the Group does not have any business combination during the year ended 31 March 2021.

- HK(IFRIC) – Int 5, "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" (effective for annual periods beginning on or after 1 April 2023). The conclusion reached is that the loans subject to loan agreements which include a clause which gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its statement of financial position. In this regard, the probability of the lender choosing to exercise its rights to demand repayment within the next twelve months after the reporting period is not relevant. The early adoption of HK(IFRIC) – Int 5 does not have any impact to the Group as the Group does not have any liabilities with a substantive right to defer settlement as at 31 March 2021.

- HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendment), "Interest Rate Benchmark (IBOR) Reform – Phase 2" (effective for annual periods beginning on or after 1 April 2021). For instruments to which the amortised cost measurement applies, the amendments require entities, as a practical expedient, to account for a change in the basis for determining the contractual cash flows as a result of IBOR reform by updating the effective interest rate using the guidance in HKFRS 9. As a result, no immediate gain or loss is recognised. This practical expedient applies only to such a change and only to the extent it is necessary as a direct consequence of IBOR reform, and the new basis is economically equivalent to the previous basis. Insurers applying the temporary exemption from HKFRS 9 are also required to apply the same practical expedient. HKFRS 16 was also amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of IBOR reform (for example, where lease payments are indexed to an IBOR rate). The early adoption of HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendment) does not have any impact to the Group as the Group did not have any IBOR-based contracts, assets or liabilities as of and during the year ended 31 March 2021.

- HKAS 1 (Amendment), "Presentation of Financial Statements" and HKFRS Practice Statement 2 (Amendment), "Making Materiality Judgements" (effective for annual periods beginning on or after 1 April 2023). The amendment requires companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. To support this amendment, HKFRS Practice Statement 2 has been amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The early adoption of HKAS 1 (Amendment) and HKFRS Practice Statement 2 (Amendment) does not have significant impact on the preparation of the consolidated financial statements for the year ended 31 March 2021.

- HKAS 8 (Amendment), "Accounting Policies, Change in Accounting Estimates and Errors" (effective for annual periods beginning on or after 1 April 2023). The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The early adoption of HKAS 8 (Amendment) does not have any impact to the Group.

- HKFRS 16 (Amendment), "Covid-19-Related Rent Concessions beyond 30 June 2021" (effective for annual periods beginning on or after 1 April 2021). The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The early adoption of HKFRS 16 (Amendment) does not have any impact to the Group as the Group was not granted any lease concessions for lease payments to be paid after 1 July 2021 during the year ended 31 March 2021.

3 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the financial statements of the Company exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

6 Financial assets

(i) Classification

The Group classifies its financial assets to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

6 Financial assets (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in consolidated income statement.

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. 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated income statement and presented in "other gains – net" together with foreign exchange gains and losses.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires ECL to be recognised from initial recognition of the receivables. See Note 18 for further details.

7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group and the counterparty.

8 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Company's functional currency and the Group's and the Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses are presented in the consolidated income statement within "other gains – net".

8 Foreign currency translation (continued)

(iii) Group companies

The results and financial positions of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

(iv) Disposal of foreign operation

On the disposal of a foreign operation (this is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a joint venture that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

9 Employee benefits

(i) Short-term obligation

Liabilities for salaries that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Employee leave entitlements

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

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

(iii) Retirement benefit obligations

The Group operates various post-employment scheme, including defined contribution plan and long service payments (see Note 9(iv)).

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

9 Employee benefits (continued)

(iv) Long service payments

The Group's net obligation in respect of amounts payable on cessation of employment in certain circumstances under the employment law of the respective countries in which the Group operates is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Long service payments are assessed using the projected unit credit method. The cost of providing the long service payment liabilities is charged to the consolidated income statement so as to spread the cost over the service lives of employees in accordance with the advice of the actuaries.

Long service payments are discounted to determine the present value of obligation and reduced by entitlement accrued under the Group's defined contribution plans that are attributable to contributions made by the Group. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in consolidated income statement.

(v) Bonus plan

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liability for bonus plan is expected to be settled within 12 months and is measured at the amount expected to be paid when it is settled.

(vi) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange of these benefits. The Group recognises termination benefits at the earlier or the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits.

10 Share-based payment

(i) Equity-settled share-based payment transactions

The Group operates two equity-settled share-based schemes, Share Option Scheme and Share Award Scheme, under which the entity receives services from employees as consideration for equity instruments (options or awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of the options or awarded shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted or shares awarded:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period).

Non-market performance and service conditions are included in assumptions about the number of options or awarded shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options or awarded shares that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

Upon vesting and transfer of the awarded shares to the awardees, the related costs of the awarded shares are credited to shares held under the Share Award Scheme, and the related fair value of the shares are debited to employee share-based compensation reserve.

(ii) Share-based payment transactions among group entities

The grant by the Company of options or share awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(iii) Shares held for share award scheme

When the Company's shares are acquired from the market by the trust set up by the Company under the Share Award Scheme, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as "Shares held under the Share Award Scheme" and deducted from total equity. Upon vesting, the related costs of the vested shares for Share Award Scheme purchased from the market are credited to "Shares held under the Share Award Scheme", with a corresponding decrease in "Employee share-based compensation reserve" for Share Award Scheme.

11 Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.