



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

Stock code : 252



ANNUAL REPORT
2020/21

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chua Nai Tuen
(*Chairman and Managing Director*)
Mr. Nelson Junior Chua

Non-Executive Directors

Mr. Chan Man Hon, Eric
Mr. Jimmy Siy Tiong
Mr. Tsai Han Yung
Ms. Vivian Chua

Independent Non-Executive Directors

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung
Mr. Tsui Ka Wah

AUDIT COMMITTEE

Mr. Chan Siu Ting (*Chairman*)
Mr. Chan Man Hon, Eric
Mr. James L. Kwok
Mr. Tsai Han Yung
Mr. Wong Shek Keung
Mr. Tsui Ka Wah

REMUNERATION COMMITTEE

Mr. James L. Kwok (*Chairman*)
Mr. Chua Nai Tuen
Mr. Chan Man Hon, Eric
Mr. Chan Siu Ting
Mr. Wong Shek Keung

NOMINATION COMMITTEE

Mr. Tsui Ka Wah (*Chairman*)
Mr. Chua Nai Tuen
Mr. Chan Man Hon, Eric
Mr. Chan Siu Ting
Mr. James L. Kwok

PRINCIPAL BANKERS

China Construction Bank (Asia)
Corporation Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial
Bank of China (Asia) Limited
OCBC Wing Hang Bank Limited

SOLICITORS

Vincent T. K. Cheung, Yap & Co.

AUDITORS

Grant Thornton Hong Kong Limited
Certified Public Accountants

COMPANY SECRETARY

Mr. Lam Wing Yiu

REGISTERED OFFICE

Units 407–410, 4th Floor, Tower 2,
Silvercord, No. 30 Canton Road,
Tsimshatsui, Kowloon, Hong Kong.

SHARE REGISTRAR

General Secretarial Services Limited,
26th Floor, KP Tower,
93 King's Road, North Point,
Hong Kong

STOCK CODE

252

INTERNET ADDRESS HOMEPAGE

www.seapnf.com.hk

DIRECTORS AND SENIOR MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Chua Nai Tuen, aged 68, was appointed as an Executive Director and Managing Director in 1973 and was further appointed as Chairman of the Company in 2000. He is a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Chua is responsible for the formulation and execution of the Group's overall strategic planning, business development and seeking business opportunities for the Group. He is also the Director of other companies in the Group. He has over 40 years' experience in finance, property investment and development, hotel, manufacturing and distribution of plastics packaging materials business.

Mr. Nelson Junior Chua, aged 42 was appointed as a Non-executive Director of the Company on 15 April 2008 and was re-designated as an Executive Director on 16 July 2010. He has been appointed as an Authorised Representative of the Company with effect from 1 April 2014. He is also the Director of other companies in the Group. Mr. Nelson Junior Chua has over 15 years' experience in financial information analysis and research. He graduated from the Queen Mary & Westfield College in United Kingdom and obtained a Bachelor's degree in Molecular Biology.

NON-EXECUTIVE DIRECTORS

Mr. Chan Man Hon, Eric, aged 64, was first appointed as an Independent Non-executive Director of the Company in 1994 and was re-designated as a Non-executive Director in 2005. Mr. Chan is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Chan is a practising solicitor in Hong Kong. He obtained a Bachelor of Laws degree from the University of Hong Kong and was admitted as a solicitor in Hong Kong in 1981. He was further admitted as a solicitor in England and Australia in 1984 and 1985 respectively. He is a consultant of Vincent T. K. Cheung, Yap & Co.

Mr. Jimmy Siy Tiong, aged 84, was appointed as a Non-executive Director of the Company in 1978. Mr. Siy was the former President of Sanyo Philippines Inc., a company incorporated in the Philippines.

Mr. Tsai Han Yung, aged 55, was appointed as a Non-executive Director of the Company in 2000 and was further appointed as a member of the Audit Committee in 2001. Mr. Tsai holds management positions in certain companies in Taiwan.

Ms. Vivian Chua, aged 41, was appointed as a Non-executive Director of the Company on 15 April 2008. Ms. Chua joined the Group in 2005. She is a Marketing and Planning Analyst of Nan Sing Plastics Limited and an Assistant Manager responsible for the Group's property management. She graduated from The University of British Columbia in Canada and obtained a Bachelor's degree in Commerce.



DIRECTORS AND SENIOR MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Siu Ting, aged 69, was appointed as an Independent Non-executive Director of the Company in 2006. Mr. Chan is the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Chan has been practising as a Certified Public Accountant in Hong Kong for over 30 years. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants and a member of The Institute of Chartered Accountants in England and Wales. He is currently a Director of Wong Chan Lau C.P.A. Company Limited, Certified Public Accountants (Practising).

Mr. James L. Kwok, aged 69, was appointed as an Independent Non-executive Director of the Company in 1994. Mr. Kwok is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Kwok obtained a MBA degree from the Wharton School, University of Pennsylvania. He started his career in banking and had held the position of manager of the Asian portfolios of a major American bank in Hong Kong. For the past two decades, he held a management position in a group of private companies in Hong Kong and North America which were involved in general trading, property investment and garment business.

Mr. Wong Shek Keung, aged 77, was appointed as an Independent Non-executive Director of the Company in 2005. Mr. Wong is a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Wong has over 40 years' extensive experience in banking, finance and administration. He had held a senior position of a reputable French bank's Hong Kong Branch and had been an advisor to the Chairman of a down manufacturing company in Mainland China.

Mr. Tsui Ka Wah, aged 68, was appointed as an Independent Non-executive Director of the Company in 2012. Mr. Tsui is the Chairman of the Nomination Committee and a member of the Audit Committee of the Company. Mr. Tsui has extensive experience in banking industry with US based and local banks, and has held various managerial positions in corporate, retail and private banking. He was the President of the Greater China Region of a US-based bank, overseeing operations in Taiwan, PRC and Hong Kong. Mr. Tsui holds a Bachelor of Arts degree and a Master of Business Administration from the Chinese University of Hong Kong. Currently, Mr. Tsui is an Independent Non-executive Director of Oriental Explorer Holdings Limited (stock code: 430), Multifield International Holdings Limited (stock code: 898) and Grand Ming Group Holdings Limited (stock code: 1271) respectively whose shares are listed on the Stock Exchange of Hong Kong Limited. Mr. Tsui is presently the CEO of SME Credit Company Ltd.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

SENIOR MANAGEMENT

Mr. Gilson Chua, aged 41, joined the Group in 2002. He is the Director and Deputy General Manager of Nan Sing Plastics Limited and he is also the Director of other companies in the Group. He graduated from the University of Warwick in United Kingdom and obtained a Bachelor's degree in Computer and Business Studies.

Mr. Choy Tin Woo, Johnnie, aged 66, is the Executive Director and Responsible Officer of Stockwell Securities Limited and Stockwell Commodities Limited. He is also the Director of other companies in the Group. Mr. Choy joined the Group in 1976 and is responsible for the Group's securities and commodities dealings.

Mr. Fu Ka Tsang, aged 63, is the General Manager of the Company and he is also a Director of other companies in the Group. Mr. Fu joined the Group in 1995 and is responsible for the Group's manufacturing business.

Mr. Lam Wing Yiu, aged 35, is the Group Financial Controller, Company Secretary and Authorised Representative of the Company. Mr. Lam joined the Group in 2017 and is being responsible for oversight of the Group's financial and accounting operations and also overall company secretarial matters. Mr. Lam has more than 10 years of experience in accounting and finance related work. Mr. Lam obtained a bachelor of business administration in accounting from the Hong Kong University of Science and Technology in November 2008. Mr. Lam has been a member of the Hong Kong Institute of Certified Public Accountants since January 2012 and an associate member of the Hong Kong Institute of Chartered Secretaries since June 2018.

Messrs. Chua Nai Tuen, Jimmy Siy Tiong and Tsai Han Yung are brothers. Messrs. Nelson Junior Chua and Gilson Chua are the sons of Mr. Chua Nai Tuen. Ms. Vivian Chua is the niece of Messrs. Chua Nai Tuen, Jimmy Siy Tiong and Tsai Han Yung and she is the cousin of Messrs. Nelson Junior Chua and Gilson Chua. Save as disclosed, the directors and senior management do not have any relationships as set out in Rule 12 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Southeast Asia Properties & Finance Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to submit to the shareholders (the "Shareholders") the annual report of the Group for the year ended 31 March 2021.

RESULTS

During the year, revenue was HK\$260.3 million (2020: HK\$324.9 million), the profit attributable to owners of the Company was HK\$6.3 million (2020: loss attributable to owners of the Company of HK\$185.7 million) and earnings per share was HK2.8 cents (2020: loss per share of HK82.4 cents).

During the year, the Group's profit before tax was HK\$17.3 million (2020: loss before tax HK\$178.9 million). Given below is an analysis of the profit/(loss) from operations of the Group's principal activities:

	2021 HK\$'000	2020 HK\$'000
Property investment, development and leasing/hotel operation	(15,229)	(453)
Manufacturing and distribution of plastics packaging materials	32,589	23,715
Broking and securities margin financing	6,615	(298)
Gain on disposal of subsidiaries	53,407	–
Loss arising on change in fair value of investment properties	(47,586)	(185,677)
Profit/(Loss) from operations	29,796	(162,713)
Finance costs	(7,293)	(12,530)
Share of results of associates	(3,397)	(301)
Impairment loss recognised in respect of amount due from an associate	(1,783)	(3,371)
Profit/(Loss) before income tax	17,323	(178,915)

DIVIDENDS

The Board has recommended the payment of a final dividend of HK3 cents per ordinary share (2020: HK3 cents per ordinary share) in respect of the year ended 31 March 2021 to all Shareholders of the Company whose name appear on the register of members of the Company on 3 September 2021. Subject to the approval of shareholders at the forthcoming annual general meeting (the "AGM"), the payment of the final dividend will be made on or about 7 October 2021.

ANNUAL GENERAL MEETING

The AGM will be convened to be held on Friday, 27 August 2021. The Notice of AGM will be published on the websites of the Company and the Stock Exchange and sent to the shareholders of the Company, together with the Company's 2020/21 Annual Report, in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Tuesday, 24 August 2021 to Friday, 27 August 2021, both days inclusive, during which period no share transfers can be registered. In order to be eligible to attend and vote at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King's Road, North Point, Hong Kong, not later than 4:30 p.m. on Monday, 23 August 2021.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 2 September 2021 to Friday, 3 September 2021, both dates inclusive, during which period no share transfers can be registered. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, General Secretarial Services Limited at 26th Floor, KP Tower, 93 King's Road, North Point, Hong Kong, not later than 4:30 p.m. on Wednesday, 1 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial and Business Review

For the year ended 31 March 2021, the Group recorded revenue of HK\$260.3 million, representing a decrease of HK\$64.6 million, or 19.9% as compared with HK\$324.9 million for the year ended 31 March 2020. The Group recorded a profit for the year attributable to owners of the Company of HK\$6.3 million compared to a loss of HK\$185.7 million in the last financial year. The turnaround of results was mainly attributable to (1) the decrease in the loss arising on change in fair value of the Group's investment properties of HK\$138.1 million or 74.4%; (2) a one-off gain on disposal of subsidiaries of HK\$53.4 million; and (3) increase in operating profit in manufacturing and distribution of plastic packaging materials segment of HK\$8.9 million due to better customer mix and effective cost control measures.

Property Investment, Development and Leasing/Hotel Operation

This segment comprises property investment, development and leasing in Hong Kong and the PRC and operating a hotel in Hong Kong. For the year ended 31 March 2021, this segment recorded revenue of HK\$16.5 million, a significant decrease of HK\$19.8 million or 54.5% as compared with HK\$36.3 million for the year ended 31 March 2020. Loss from operation was HK\$15.2 million, representing an increase in loss of HK\$14.8 million, as compared with HK\$0.5 million for the year ended 31 March 2020. It was mainly attributable to operating loss in hotel operation of HK\$11.0 million, as compared with a profit of HK\$10.0 million for the year ended 31 March 2020 as the Group recognised write-off of property, plant and equipment due to demolition of our hotel building for alteration and addition works and incurred staff redundancy cost due to suspension of hotel operation, such effect was partially offset by the absence of write down of stock of properties of HK\$5.7 million in this year.



CHAIRMAN'S STATEMENT

(i) Property Investment, Development and Leasing

Most of the Group's investment properties were leased out to generate steady rental income for the Group. For the year ended 31 March 2021, the total rental income and rental related income amounted to HK\$16.0 million, representing a decrease of HK\$7.7 million, or 32.5% as compared with HK\$23.7 million for the year ended 31 March 2020. It was mainly attributable to (1) lease termination of shops on ground floor of hotel building due to alteration and addition works since September 2020; and (2) rental reduction or concession to our tenants due to severe disruptions caused by COVID-19.

(ii) Hotel Operation

Due to COVID-19 pandemic and travel restriction among countries, visitors to Hong Kong dropped significantly. As a result, the Group decided to suspend our hotel operation since 1 June 2020 for alteration and addition works. For the year ended 31 March 2021, hotel accommodation income recorded HK\$0.5 million, decreased significantly by HK\$12.1 million or 95.8% as compared with HK\$12.6 for the year ended 31 March 2020. Occupancy rate and average room rate were merely 46.7% and HK\$249.1, respectively.

Manufacturing and Distribution of Plastic Packaging Materials

For the year ended 31 March 2021, this segment recorded a revenue of HK\$224.6 million, a decrease of HK\$48.4 million or 17.7% as compared with HK\$273.0 million for the year ended 31 March 2020 due to more competitive environment. However, the segment profit was HK\$32.6 million, an increase of HK\$8.9 million or 37.4% as compared with HK\$23.7 million for the year ended 31 March 2020 due to the decrease in cost of sales couple with relief measures announced by both the PRC and HK Government.

With the COVID-19 pandemic forces countries around the world to close borders and close cities, it remains unclear when and how quickly the global economy returns to normality. Nevertheless, the global pursuit of greener lifestyle continues to gain momentum and we have replaced majority of the solvent-based ink with water-based ink and installed Regenerative Catalytic Oxidation (RCO) to reduce Volatile Organic Compounds (VOC) emissions. Furthermore, we have developed degradable alternatives with customers in PRC to meet the plastic ban effective from 1 January 2021.

Broking and Securities Margin Financing

Owing to the effects of the COVID-19 pandemic which induced continue lockdowns that suspended economic activity. It was an uneasy year for the global economy. Hang Seng Index was moving between 22,519 points and 31,183 points, with variation of 8,664 points. The overall Hong Kong stock market daily turnovers was mounting to about HK\$300 billion from December 2020 to February 2021. During the year, our business performance was also favored by the increase of the total market turnover. The market atmosphere was dampened when the HKSAR Government announced to explore new revenue sources by raising the stamp duty on stock transaction in August 2021. The additional levy will not only increase the cost on transaction but also weaken the competitiveness of the Hong Kong stock market.

For the year ended 31 March 2021, the brokerage commission was HK\$11.0 million, an increase of HK\$2.7 million or 32.5% as compared with HK\$8.3 million for the year ended 31 March 2020. The interest received from clients on margin financing was HK\$7.6 million, an increase of HK\$0.7 million or 10.0% as compared to HK\$6.9 million for the year ended 31 March 2020 as clients have less inclined to hold stocks in the uncertain market. We have better performance in the segment profit for the year ended 31 March 2021, which recorded a profit of HK\$6.6 million as compared with a loss of HK\$0.3 million for the year ended 31 March 2020. The improvement in segment profit was mainly due to the increase in brokerage commission received in the active market with positive market sentiment.

Strategic and Prospects

Looking ahead, as the unstable and the volatility of global environment and the COVID-19 pandemic is predicted to persist, our businesses may be adversely affected. To cope with the uncertainties, we will cautiously review and adjust our business strategies from time to time.

Property Investment, Development and Leasing/Hotel Operation

(i) Property Investment, Development and Leasing

Everglory Centre, No. 1B Kimberley Street, Tsimshatsui, Kowloon

Under the current environment, corporations tend to downsize or withhold their business expansion plan followed by COVID-19 pandemic. Although the market demand for traditional office is weak, corporations are seeking for more economic and flexible workspace solution as their substitution. Our serviced offices are tailor-made and ready to cater for clients with different needs by providing prestige services.

No. 1 Lei Muk Road, Kwai Chung, New Territories, Hong Kong

The Group has applied for change in zone usage of the property. The application has been approved by the Town Planning Board on 23 October 2020.

Bare Site, No. 111 King's Road, North Point

The Group has disposed the site through disposal of subsidiaries. The proceeds from disposal will be used for re-investment for other potential properties and projects.

Meanwhile, the Group will also consider other opportunities, including but not limited to upgrade our premises, in order to make use of our property portfolio to generate favorable return in coming years.



CHAIRMAN'S STATEMENT

(ii) Hotel Operation

The Group has suspended the hotel operation business in Hong Kong from 1 June 2020 for alterations and addition works. As at 31 March 2021, the demolition work of building was substantially completed and is ready for the foundation works. The upgrade works is expected to be completed in the second quarter of 2024. Upon completion, the number of guest rooms and the size of commercial areas of the hotel will increase and the plot ratio can be fully utilized with a view to generating additional hotel accommodation income and rental income for the Group in the coming years.

Manufacturing and Distribution of Plastic Packaging Materials

With the global pandemic lingering on and the impact of the China-US decoupling and economic confrontation continues, it is unpredictable when the global economy can recover, which in turn will impact our customers' sentiment towards their sales forecast and delay their marketing and procurement decisions further. In face with the current challenges, we will continue to optimize and upgrade our manufacturing facilities to enhance competitiveness, and focus on promoting green alternatives to meet the market demand.

Broking and Securities Margin Financing

Looking forward, more than a year into the COVID-19, lots of uncertainties are still hovering over the path of health and economy. In positive prospects, China-US are undergoing the talks with the hope to alleviate the trade dispute. In addition, better economy growth is expected when the smooth rollout of inoculation which is important to reopen international borders that resume economy. On the other hand, a stronger recovery will trigger inflation, with the fear that The US Federal Reserve would reduce the volume of the Quantitative Ease (QE) or raise interest rate which may have negative impacts on the investment market.

At present, we continue to adopt prudent strategy in the fluctuated market situation, and expect we might continue to benefit from the increase in overall market turnover and the recovery of worldwide economy in the coming year.

Liquidity and Financial Resources

The Group takes a consistent capital management strategy, providing adequate liquidity to meet the requirement of the Group's developments and operations and monitors its capital on the basis of net debt to equity ratio.

As at 31 March 2021, cash and cash equivalents were HK\$159.6 million (2020: HK\$103.4 million) and trade and other receivables were HK\$120.2 million (2020: HK\$101.1 million). Trade and other payables were HK\$134.4 million (2020: HK\$112.6 million). The increase in cash and cash equivalents was mainly attributable to proceeds from disposal of subsidiaries, net off by repayment of bank loans during the year.

As at 31 March 2021, the Group's bank loans were HK\$275.1 million (2020: HK\$359.1 million), in which the short term borrowings amounted to HK\$106.9 million (2020: HK\$180.9 million) and long term borrowings amounted to HK\$168.3 million (2020: HK\$178.2 million). The Group's current year net debt to equity ratio was 10.7% (2020: 24.5%), calculated on the basis of the Group's total debts less restricted cash and cash and cash equivalents divided by total equity attributable to owners of the Company. The net debt to equity ratio decreased significantly as the Group repaid bank loans by cash proceeds from disposal of subsidiaries during the year.

Capital Structure

As at 31 March 2021, the total equity attributable to owners of the Company amounted to HK\$1,038.0 million (2020: HK\$1,029.0 million). The Group's consolidated net assets per share as at the reporting date was HK\$4.7 (2020: HK\$4.6).

Foreign Exchange Exposure

The transactions and monetary assets and liabilities of certain subsidiaries are denominated in RMB. Although the Group currently does not have a foreign currency hedging policy, it does and will continue to monitor the foreign exchange exposure closely and will consider hedging if there is significant foreign currency exposure.

Material Acquisitions and Disposals

On 25 January 2021, the Group disposed its entire interest in a direct wholly-owned subsidiary, Nan Sing Investment Limited ("NSI"), together with a wholly-owned subsidiary of NSI, Nan Sing Realty Company Limited to an independent third party at a cash consideration of HK\$179,825,621.

During the year ended 31 March 2020, there was no material acquisitions or disposals of subsidiaries or associated companies.

APPRECIATION

Finally, I would like to thank the Board and all the staffs for their diligence and dedication in the past year.

Chua Nai Tuen

Chairman

Hong Kong, 24 June 2021



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to attaining and maintaining high standards of corporate governance. The Directors recognise that good corporate governance practices and procedures are essential to ensure the Company's transparency and accountability and to its long term success as well as to enhance the value of the Shareholders and safeguard their interests. The Company has adopted the code provision (the "Code Provision") of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as its own code of corporate governance.

Throughout the year ended 31 March 2021, the Company has complied with the CG Code save as disclosed in the paragraph headed "Chairman and Chief Executive Officer", "Chairman's Meeting with Independent Non-executive Directors" and "Annual General Meeting" below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors of the Company, they have confirmed that they have complied with the Model Code during the year.

THE BOARD OF DIRECTORS

(i) Composition of the Board, number of Board meetings and Directors' attendance

The Board comprises ten Directors as at the date of this report. Biographical details of Directors and relationship among Directors are disclosed in "Directors and Senior Management Profile" of the Annual Report. The Company's Board has a balance of skills and experience and a balanced composition of executive and non-executive directors. Eight full board meetings were held during the year. Senior management executives may, from time to time, be invited to attend the board meetings for making presentation and/or answering any queries that may be raised by the Board. All Directors have access to the advice and services of the company secretary and independent professional advice may be sought by the Directors if required.

Each Director of the Company has been appointed on the strength of his/her calibre, experience and his/her potential to contribute to the proper guidance of the Group and its businesses. Apart from formal meetings, matters requiring board approval were arranged by means of circulation of written resolutions.

The Board has set up three committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") to oversee particular aspects of the Group's affairs. The committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

CORPORATE GOVERNANCE REPORT

The attendance records of individual Directors at Board Meetings (BM), Audit Committee Meetings (ACM), Remuneration Committee Meetings (RCM), Nomination Committee Meeting (NCM) and AGM during the financial year are set out below:

	BM	ACM	RCM	NCM	AGM
Chua Nai Tuen	8/10	–	1/1	1/1	1/1
Nelson Junior Chua	10/10	–	–	–	1/1
Chan Man Hon, Eric	4/10	4/4	1/1	1/1	1/1
Jimmy Siy Tiong	0/10	–	–	–	0/1
Tsai Han Yung	3/10	3/4	–	–	1/1
Vivian Chua	6/10	–	–	–	1/1
Chan Siu Ting	4/10	4/4	1/1	1/1	1/1
James L. Kwok	4/10	4/4	1/1	1/1	0/1
Wong Shek Keung	4/10	4/4	1/1	–	1/1
Tsui Ka Wah	4/10	4/4	–	1/1	1/1

(ii) The Operation of the Board

The Company is headed by an effective Board which takes decisions objectively in the interests of the Company. The Company's management has closely monitored changes to regulations that affect its corporate affairs and businesses and changes to accounting standards, and adopted an appropriate reporting format in its interim report, annual report and other documents to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Where these changes are pertinent to the Company or Directors' disclosure obligations, the Directors are briefed during Board Meetings to keep them abreast of their responsibilities and of the conduct, business activities and development of the Group. Newly appointed Directors receive information on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Company. Decisions on important matters, including those affecting the Group's strategic policies, major investments and funding decisions are specifically reserved to the Board whereas decisions on the Group's general operations are delegated to the management.

Moreover, the Company has maintained a procedure for its directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company.

(iii) Directors' and Officers' Liability

Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and Officers of the Group from their risk exposure arising from the businesses of the Group.



CORPORATE GOVERNANCE REPORT

(iv) Directors' Continuous Training and Development

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors are regularly briefed on the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime with written materials. All Directors have provided record of training and the Company will continue to arrange the training in accordance with paragraph A.6.5 of the Code Provisions.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Chua Nai Tuen serves as the Chairman and also the Chief Executive Officer of the Company. This is a deviation from the Code Provision A.2.1 with respect to the roles of Chairman and Chief Executive Officer to be performed by different individuals.

After reviewing the management structure, the Board is of the opinion that Board decisions are collective decisions of all Directors made by way of voting and not decisions of the Chairman of the Board alone. Further, there is a clear division of responsibilities with independent operations between the Board members and the management of the day-to-day business of the Company.

As such, the power of management of the Company is not concentrated in any one individual. The Board considers that the present structure will not impair the balance of power and authority between the Board and the management of the Group.

CHAIRMAN'S MEETING WITH INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Code Provision A.2.7, the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the year ended 31 March 2021, a formal meeting could not be arranged between the chairman and the independent non-executive directors without the presence of other directors due to the tight schedules of the chairman and the independent non-executive directors. Although such meeting was not held during the year, the chairman has delegated the company secretary of the Company to gather any concerns and/or questions that the independent non-executive directors might have and report to him for setting up follow-up meetings, whenever necessary.

ANNUAL GENERAL MEETING

Pursuant to Code Provision A.6.7, independent non-executive directors and non-executive directors, as equal board members, should attend general meeting of the Company. During the year, a non-executive director and an independent non-executive director were unable to attend the AGM of the Company held on 28 August 2020 as he had other business engagements.

REMUNERATION OF DIRECTORS

The Company has set up a Remuneration Committee consisting of three independent non-executive directors, one executive director and one non-executive director. Mr. James L. Kwok is currently the Chairman of the Remuneration Committee.

During the year ended 31 March 2021, the Remuneration Committee held one meeting and also dealt with matters by way of circulation. The terms of reference of the Remuneration Committee are aligned with the provisions set out in the Code. Given below are the main duties of the Remuneration Committee:

- (i) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management;
- (ii) to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management;
- (iii) to review and approve the remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
- (iv) to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment;
- (v) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and
- (vi) to ensure that no director or any of his associates is involved in deciding his own remuneration.

The work performed by the Remuneration Committee during the year is summarised below:

- (i) review of the Company's policy and structure of all remuneration of Directors and senior management;
- (ii) consideration of the emoluments for all Directors and senior management; and
- (iii) review of the level of Directors' fees.

The basis of determining the emoluments payable to its Directors and senior management by the Company ties with their duties and responsibilities within the Group. The Directors' fees are from time to time approved by the Shareholders of the Company and they are regularly reviewed and compared with other listed companies in Hong Kong.



CORPORATE GOVERNANCE REPORT

NOMINATION OF DIRECTORS

The Company has established the Nomination Committee in compliance with the Listing Rules. The Nomination Committee currently comprises one executive Director, one non-executive Director and three independent non-executive Directors. Mr. Tsui Ka Wah is currently the Chairman of the Nomination Committee.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge as well as the requirements under the Listing Rules.

During the year ended 31 March 2021, the Nomination Committee held one meeting during which it had reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company and assessed the independence of all the independent non-executive directors of the Company.

NOMINATION POLICY

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors including without limitation the following in assessing the suitability of the proposed candidate:

- (a) Reputation for integrity;
- (b) Relevant skills and experience in relevant sectors;
- (c) Commitment in respect of sufficient time, interest and attention to the Company's business;
- (d) Diversity in all aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge;
- (e) Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive director; and
- (f) Any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Company's Articles of Association and other applicable rules and regulations.

CORPORATE GOVERNANCE REPORT

The secretary of the Nomination Committee shall convene a meeting, and invite nominations of candidates from Board members (if any), for consideration by the Nomination Committee. The Nomination Committee may also nominate candidates for its consideration.

In the context of appointment of any proposed candidate to the Board, the Nomination Committee shall undertake adequate due diligence in respect of such individual and make recommendations for the Board's consideration and approval.

In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

DIVERSITY POLICY

Pursuant to Code Provision A.5.6 of the CG Code, the Board has adopted a board diversity policy and the Nomination Committee is responsible for monitoring the achievement of the measurable objectives set out in the policy.

The Company recognises and seizes the benefits of having a diverse board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

AUDITORS' REMUNERATION

The fees in relation to the audit services provided by external auditors of the Company for the financial year ended 31 March 2021 and 2020 are as follows:

	2021	2020
– Audit service	HK\$851,599	HK\$809,260
– Non-audit service	HK\$72,100	–



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTION

The Board delegated the Audit Committee to perform corporate governance duties and Audit Committee has adopted written terms of reference on its corporate governance functions.

The duties of the Audit Committee in respect of the corporate governance functions include:

- (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year, the Audit Committee has performed the corporate governance duties in accordance with its terms of reference.

AUDIT COMMITTEE

The Audit Committee currently consists of four independent non-executive directors and two non-executive directors.

All members have sufficient experience in reviewing audited consolidated financial statements as aided by the external auditor of the Group whenever required. In addition, Mr. Chan Siu Ting has the appropriate professional qualifications and experience in financial matters.

During the year ended 31 March 2021, the Audit Committee held four meetings and also dealt with matters by way of circulation. The terms of reference of the Audit Committee are aligned with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants. Given below are the main duties of the Audit Committee:

- (i) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors;

CORPORATE GOVERNANCE REPORT

- (ii) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- (iii) to review the Company's annual report and accounts, half-year report and quarterly reports before submission to the Board, the Audit Committee should focus particularly on:
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with the Listing Rules and other legal requirements in relation to financial reporting.
- (iv) to discuss problems and reservations arising from the audits, and any matters the external auditors may wish to discuss;
- (v) to review the audit programme, and ensure co-ordination with external auditors, of the internal audit function; and
- (vi) corporate governance function.

The work performed by the Audit Committee during the year is summarised below:

- (i) review of the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (ii) review of half-year and annual consolidated financial statements before submission to the Board, with particular consideration of the points mentioned in paragraph (iii) above regarding the duties of the Audit Committee;
- (iii) discussion with the external auditors, the nature and scope of the audit;
- (iv) review of the Group's internal control and risk management systems; and
- (v) corporate governance function.



CORPORATE GOVERNANCE REPORT

The Company's annual report for the year ended 31 March 2021 has been reviewed by the Audit Committee. The accounts for the year were audited by Grant Thornton Hong Kong Limited whose term of office will expire upon the forthcoming AGM. The Audit Committee has recommended to the Board that Grant Thornton Hong Kong Limited be nominated for re-appointment as the auditors of the Company at the forthcoming AGM.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements for the year ended 31 March 2021, which give a true and fair view in accordance with Hong Kong Financial Reporting Standard, Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INTERNAL CONTROLS AND RISK MANAGEMENT

1. The Purpose of Risk Management

Effective management of risks is essential for the long-term growth and sustainability of the Group's business; it blends seamlessly into strategic, operational and financial management in our Group's holistic approach to management control. It is always a challenge to determinately identify and manage the pertinent risks so that they are treated, transferred, terminated or simply taken, where appropriate. To achieve this, the Board delegates to the Audit Committee to ensure that there is a framework of continuous risk management process of identifying, evaluating and managing significant risks faced by the Group.

2. The Approach and Processes of Risk Management and Risk Categories

The Approach

The Group adopts an integrated top-down approach complemented by a bottom-up approach in the risk management process. The top-down approach involves the corporate view from the Board and management on risks which may have significant impact to the Group. The bottom-up approach identifies, evaluates and manages key risks of each business units. Our process is designed to manage risks and not eliminate all risks.

The Process

The processes used to identify, evaluate and manage significant risks faced by the Group, are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Evaluation

- Evaluates the risks identified by using the criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures the appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

Control procedures have been designed to (i) safeguard assets against misappropriation and disposition; (ii) ensure compliance with relevant laws, rules and regulations; (iii) ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and (iv) to provide reasonable assurance against material misstatement, loss or fraud.

CORPORATE GOVERNANCE REPORT

The Risk Categories, Risk Mitigating measures, and Risk level assessed

During the year, the risk management process assessed the following risk aspects, under 16 different categories, in term of their impact on financial performance, reputation, health and safety, legal and compliance and staffing towards our business objectives. They are summarised as follows:

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
1 Investment Strategy	Return on acquisitions/investments/developments of business could turn out to be uncertain due to uncontrollable external factors (e.g. COVID-19 pandemic) and may result in financial loss.	<ul style="list-style-type: none"> - Investment decisions are supported by detailed integration plan and business strategies with management approval. - Potential projects/investment are subject to an extensive due diligence review by in-house specialists and external advisors, if any. - Continuous monitoring and review of all aspects of development, planning and progress by experienced managers. - Controls over projects/investment are reviewed by Finance Department. 	Medium
2 Economic and Political Outlook	A significant portion of the Group's businesses and operations are in Hong Kong and PRC; adverse changes in economic and political environments in Hong Kong and PRC could have a direct or indirect impact to the Group's earnings.	<ul style="list-style-type: none"> - Constantly evaluate the economic environment it operates in and promptly respond to any changes. - Continuous monitoring of changes in the political agenda in Hong Kong and PRC. - Marketing strategy to cater to changes in economic and political outlook. 	Medium

CORPORATE GOVERNANCE REPORT

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
3 Credit Risk	The borrower or counterparty may fail to perform its obligation to pay in a timely manner, or that its ability to perform such obligation may get impaired before delivery date. Therefore, the Group faces bad debts and incur financial loss.	<ul style="list-style-type: none"> - Set up Credit Committee, to put in place credit policies and procedures for approving lending including those for approving credit and trading limits for customers and approving individual stocks acceptable for margin lending at specified ratios. - The Credit Committee meets both regularly and timely to review the developments and status of past due accounts and to ensure appropriate actions are taken in a timely manner. - Regular independent review by Internal Audit function conducted by external and reputable CPA firm to ensure that the Group is operating according to the established policies, procedures and credit limits. 	Medium
4 Liquidity Risk	The Group is also exposed to liquidity risk arising from timing difference between settlements with clearing houses or brokers and customers.	<ul style="list-style-type: none"> - Active liquidity risk management to ensure the Group maintains adequate liquid capital to fund its business commitments as well as to comply with the relevant Financial Resources Rules applying to various licensed subsidiaries. - The Group's Finance Department and the management will review and monitor the Group's liquidity position on daily basis to ensure availability of sufficient liquid funds. - The Group has maintained sufficient stand-by banking and other facilities in order to meet any contingency in its operations. 	Medium

CORPORATE GOVERNANCE REPORT

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
5 Product defects	The Group could be exposed to significant liability claims from customers and therefore incurs financial loss in the event that its products are found to be defective.	<ul style="list-style-type: none"> The Group has implemented sound systems to monitor its products at various stages of its production processes. No assurance can be given that the Group's products are free of defects. Any significant liability claims could have an adverse impact on the results of operations and reputation of the Group. 	Medium
6 Customer contracts	The Group typically enters into one-off purchase orders with its customers. As such, the amount of purchase orders may vary significantly from time to time, and it is difficult to forecast the amount of orders to be received by the Group in the future. No assurance can be given that the Group's customers will continue to place purchase orders with it in the future in similar amounts to prior periods, if at all. As a result, the results of operations of the Group may vary significantly in the future.	<ul style="list-style-type: none"> The Group maintains stringent controls over product quality to preserve its reputation over 60 years. 	Medium
7 Competitive industry	The business segments in which the Group operates are highly competitive. No assurance can be given that the Group will be able to compete successfully against its current competitors or emerging companies in the future. If the Group fails to compete effectively, the Group's results of operations, financial condition and business prospects may be materially and adversely affected.	<ul style="list-style-type: none"> The Group monitors the market competition closely and take suitable actions in response. 	Medium

CORPORATE GOVERNANCE REPORT

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
8 Legal and Compliance	Regulatory uncertainty and/or change of legal and regulatory requirements may lead to non-compliance of local/foreign regulations, leading to reputational damage and financial loss.	<ul style="list-style-type: none"> - Actively engage with regulatory bodies and external advisors on any upcoming new legal and regulatory requirements. - Encourage staff to attend seminar to update relevant knowledge. - Establish related policies and procedures to provide clear guideline to staff. - Regular independent review by Internal Audit function conducted by external and reputable CPA firm to ensure its compliance. 	Medium
9 Human Resource	Our core businesses are in people intensive industries and loss of key staff would affect the Group's ability to deliver on its strategies.	<ul style="list-style-type: none"> - Maintain succession plans for key positions. - Regular review on the competitiveness of our compensation and benefit arrangement. - Development platform and trainings have been provided to staff. 	Low
10 Tenant and Customer	Loss of income due to change in customer spending behavior.	<ul style="list-style-type: none"> - Enhance marketing and promotion to attract customers. - Actively engage with current and potential tenants to strengthen strategic relationships. - Maintain a well-balanced tenant mix and trade mix. - Continuously update with the market trend and promptly respond. 	Low

CORPORATE GOVERNANCE REPORT

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
11 Contractor and Supplier	Association with problematic/ substandard contractors/suppliers may cause financial and reputation loss.	<ul style="list-style-type: none"> - All key vendors are required to go through the well-established prequalification mechanism. - Closely monitoring of the performance of contractors/ suppliers. - Mechanism on picking out and deregistering problematic vendors from the list is in place. 	Low
12 Management & Operational Activities	Insufficient/ineffective internal controls in daily operations leading to financial loss and reputational damage, e.g. contractual risks, abusive use of discount, cash misappropriation, fraud committed with external parties, loss of physical assets, etc.	<ul style="list-style-type: none"> - Approval authority has been set up and well communicated among all staff. - Policies and procedures of key controls have been established and published on intranet. - Monitoring procedures, e.g. stocktaking/cash count by Group Finance, are in place. - Whistle-blowing channel has been set up. - Regular independent review by Internal Audit function conducted by external and reputable CPA firm to enhance control. 	Low
13 Information Technology	Business operations may be adversely affected and sensitive information may be leaked out by cyber-attack by internal/external hackers or security breach due to information technology infrastructure/system failure.	<ul style="list-style-type: none"> - Enforce security measures such as periodic change of password, updating antivirus and firewall protection. - Establish information technology security policy on use of information technology equipment and installation on application software. 	Low

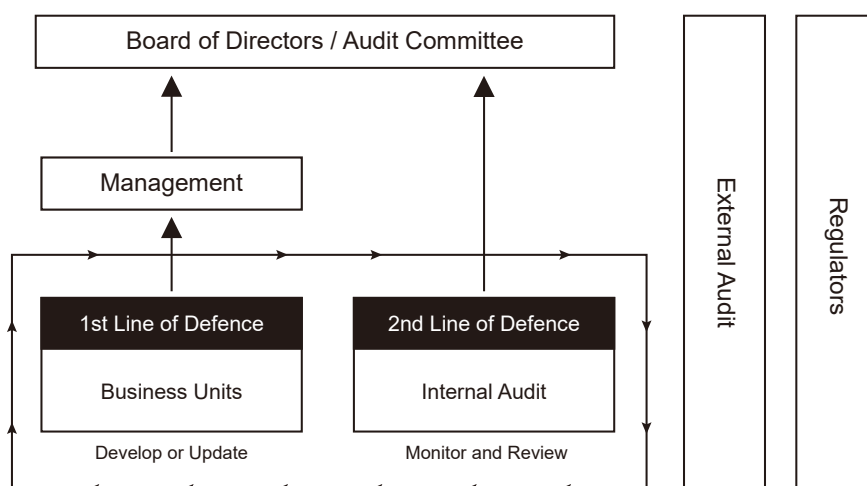
CORPORATE GOVERNANCE REPORT

Risk Categories	Key Risks	Risk Mitigating measures	Risk Level
14 Brand and Reputation	Protecting the Group's brand and reputation from negative public attention which could result in significant decline in our tenant and customer base and financial loss.	<ul style="list-style-type: none"> - Continuous monitoring of media coverages, with actions taken where necessary. - Crisis management mechanism is in place with the formation of Crisis Management Committee as steered by Executive Directors, on need basis. 	Low
15 Environmental	Threats of adverse effects on environment by effluents, emissions, wastes, resource depletion, etc., arising out of daily operations.	<ul style="list-style-type: none"> - Environmental Policy has been established. - Environmental Committees have been set up to enhance environmental protection. - Green purchasing practices. - Closely monitoring on energy usage. 	Low
16 Equity Risk	Equity risk arises from fluctuation in the price and volatility of equities such as stocks, equity portfolio and stock index futures. The Group has proprietary equity investments and may incur financial loss.	<ul style="list-style-type: none"> - The Group conducts detailed analysis of the issuer's fundamentals and pricing against market conditions and appetites. 	Low

CORPORATE GOVERNANCE REPORT

3. Our framework of Risk Management

Our framework of risk management is “Two Lines of Defence” model as depicted below:



3.1 Board of Directors/Audit Committee

The Board has overall responsibility for the system of risk management and internal controls of the Group and has reviewed its effectiveness. Our Board has delegated the responsibility for overseeing overall risk management and internal control systems to Audit Committee.

The Audit Committee has engaged external and reputable CPA firm, as its risk management and internal control review adviser (“External adviser”) to conduct the annual review of the risk management and internal control systems for the year ended 31 March 2021. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Audit Committee. The external adviser has reported findings and areas for improvement to the Audit Committee and the management. The Board and the Audit Committee are of the view that there are no material internal control deficiencies noted. All recommendations from the external adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Audit Committee and the Board, therefore, considered that the risk management and internal control systems are effective and adequate.

3.2 *Two Lines of Defence*

Our framework is not a standalone program. It is an integrated and continuous process, in which elements in the framework are integrated into the Group's day-to-day operations and are continually applied under cycles of developing, monitoring, reviewing and updating.

3.2a *1st Line of Defence – Operational Management and Internal Controls*

Key internal control activities are integrated into daily operations with clear policies and procedures with the elements of governance, risk management and compliance. The policies and procedures are reviewed and updated on a regular basis to ensure their effectiveness, and shared with our employees and appropriate training.

Key Group Policies and Procedures

Key Group Policies and Procedures apply to the employees:

- **Whistle-blowing Policy** provides a proper reporting channel for employees to raise genuine concerns about malpractice or suspected wrongdoing.
- **Inside Information Policy** ensures inside information of the Group is to be kept in strict confidence or otherwise disseminated to the public in a timely manner in accordance with the applicable laws and regulations.
- **Connected Transactions Policy** provides a clear guideline to employees for handling connected transaction in order to comply with the listing rules requirement.
- **Code of Conduct** stipulates the Group policy on matter of personal conduct and relationships.
- **Approval Authority** sets clear authority limits on business decision and daily operations.
- **Operational Policies and Procedures** are set in each business and functional units to provide guideline in daily operations within the corporate governance framework.



CORPORATE GOVERNANCE REPORT

The key functions of Finance Department with direct access to Audit Committee, include:

- Establish and maintain appropriate and effective risk management system to facilitate the business units to continuously identify, evaluate and monitor risks to business objectives;
- Support management to assess and respond to emerging risks;
- Lead in modifying the control procedures of identified and/or potential irregularities at the business units;
- Assist in developing and updating the policies and procedures to ensure that key control and monitoring procedures over compliance and risk management have been integrated into the daily operations; and
- Regularly report key risks and advise mitigating strategies to the management and Audit Committee.

3.2b 2nd Line of Defence – Internal Audit

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business.

As alternative, the Audit Committee as delegated by the Board, has engaged external and reputable CPA firm, as its risk management and internal control review adviser to conduct the annual review of the risk management and internal control systems for the year ended 31 March 2020. For details, please refer to section 3.1 Board of Directors/Audit Committee.

3.2c External Auditor

The external auditor further supplements the Internal Audit, the 2nd Line of Defence, by providing independent review on internal controls in relation to financial reporting process during the course of its audit work. The external auditor would report on any control issues to the Audit Committee.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report will be separately published on the Stock Exchange's website and the Company's website, within three months after publication of the Company's annual report.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Company secretary is to ensure there is a good information flow within the Board and between the Board and senior management, provides advice to the Board in relation to directors' obligations under the Listing Rules and applicable laws and regulations and assists the Board in implementing the corporate governance practices. Company secretary has provided his training records to the Company indicating his compliance with the training requirement under Rule 3.29 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" ("Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors of the Company. The Company has made specific enquiry of all Directors and all the Directors have complied with the required standard laid down in the Model Code.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2021, there are no changes in the Company's constitutional documents.

DIVIDEND POLICY

The Board adopts the dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Board shall also take into account the factors, such as operations, earnings, financial condition, cash requirements and availability, capital expenditure, future development requirements, business conditions and strategies, interests of shareholders, any restrictions on payment of dividends of the Group and any other factors that the Board may consider relevant when considering the declaration and payment of dividends.



CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Under the Articles of Association of the Company and Hong Kong Companies Ordinance, shareholders holding not less than 5% of the paid up capital of the Company (“5% Shareholder”) may convene an extraordinary general meeting by requisition stating the objects of the meeting, and deposit the signed requisition at the Company’s registered office (Units 407–10, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong. Attention: The Company Secretary). Any 5% Shareholder may also requisition for the circulation of resolutions to be moved at a general meeting; and circulation of statements regarding resolution proposed. The special documents should be deposited at the Company’s registered address as detailed above.

SHAREHOLDERS COMMUNICATION POLICY

To enhance transparency, the Company endeavours to maintain an on-going dialogue with shareholders through a variety of communication channels.

The AGM is used as an opportunity to communicate with all shareholders. The Company is also committed to providing clear and full performance information in its annual report, interim report and press releases. The Company also maintains a website at www.seapnf.com.hk, where detailed information of the Company’s business developments, operations, financial and other information are posted.

Chua Nai Tuen

Chairman and Managing Director

Hong Kong, 24 June 2021



REPORT OF THE DIRECTORS

The Directors submit their report and the audited consolidated financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activities of the Company are investment holding and property investment. The activities of the subsidiaries are set out in note 49 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated financial statements on pages 47 to 136 of this report.

The Board has recommended the payment of a final dividend of HK3 cents per ordinary share (2020: HK3 cents per ordinary share), in respect of the year ended 31 March 2020 to all shareholders of the Company whose name appear on the register of members of the Company on 3 September 2021. Subject to the approval of shareholders at the forthcoming AGM, the payment of the final dividend will be made on or about 7 October 2021.

DONATIONS

Charitable and other donations made by Group amounted to HK\$2,000 (2020: HK\$2,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment are set out in note 16 to the financial statements.

BUSINESS REVIEW

The business review, including (i) review of the business of the Group for the year ended 31 March 2021; (ii) particulars of important events affecting the Group that have occurred since the end of 31 March 2021; (iii) key financial and business performance indicators; (iv) discussion on the Group's likely future business development are set out in the section headed "Chairman's Statement" on pages 6 to 11 of this report; and v) principal risks and uncertainties faced by the Group are set out in the section headed "Corporate Governance Report" on pages 22 to 27 of this report. These discussions form part of this report of the Directors.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 140 of this report.



REPORT OF THE DIRECTORS

SHARE ISSUED AND SHARE CAPITAL

Details of the shares issued in the year ended 31 March 2021 are set out in note 38 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Details of the properties held for investment, under development and held for own use are set out on page 137 to 139 of the annual report.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 291 employees as at 31 March 2021 (2020: 333 employees). Employees were remunerated according to nature of the job and market trend.

The Group's policy concerning the remuneration of the directors is that the amount of remuneration is determined by reference to the relevant director's experience, workload and the time devoted to the Group.

The Group contributes toward retirement income protection for its employees through the provision of retirement benefits schemes. These benefits form an important part of the group's total compensation and benefits program that is designed to attract and retain highly skilled and talented employees.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 March 2021, calculated under Part 6 of the new Hong Kong Companies Ordinance (Cap. 622), amounted to HK\$299,707,688 (2020: HK\$303,412,905).

BANK LOANS

Particulars of bank loans and as at 31 March 2021 and 2020 are stated in note 33 to the consolidated financial statements.

PARTICULARS OF DEBT SECURITIES, CONVERTIBLE SECURITIES OR OPTIONS ISSUED BY THE COMPANY AND ITS SUBSIDIARIES

The Company and its subsidiaries have not issued, during the year ended 31 March 2021, any debt securities, convertible securities or options.

BORROWING COST CAPITALISATION

No borrowing was capitalised by the company and its subsidiaries during the year ended 31 March 2021 (2020: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and sales for the year attributable to the major suppliers and customers respectively were as follows:

Percentage of purchases attributable to the Group's largest supplier	23%
Percentage of purchases attributable to the Group's five largest suppliers	52%
Percentage of sales attributable to the Group's largest customer	17%
Percentage of sales attributable to the Group's five largest customers	38%

None of the directors or their associates, nor does any shareholder owning (to the knowledge of the directors) more than 5% of the Company's issued share capital hold, any interest in the share capital of the suppliers and customers noted above.

The Group believes that good relationships with both customers and suppliers are key for the Group's success. To improve the Group's overall performance, the group has closely monitoring its customers and suppliers through setting rules and policies.

DIRECTORS

(a) Directors of the Company

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Chua Nai Tuen (*Chairman and Managing Director*)
Mr. Nelson Junior Chua

Non-executive Directors:

Mr. Chan Man Hon, Eric
Mr. Jimmy Siy Tiong
Mr. Tsai Han Yung
Ms. Vivian Chua

Independent Non-executive Directors:

Mr. Chan Siu Ting
Mr. James L. Kwok
Mr. Wong Shek Keung
Mr. Tsui Ka Wah

REPORT OF THE DIRECTORS

In accordance with Article 107(A) of the Company's Articles of Association, Mr. Tsai Han Yung, Ms. Vivian Chua and Mr. James L. Kwok, shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

None of the Directors proposed for re-election at the 2021 AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

(b) Directors of the company's subsidiaries

During the year and up to the date of this report, Mr. Chua Nai Tuen and Mr. Nelson Junior Chua are also the directors in certain subsidiaries of the Company.

Other directors of the Company's subsidiaries during the year and up to the date of this report include: Mr. Gilson Chua, Mr. Cheuk Sze Lok, Mr. Choy Tin Woo, Johnnie, Mr. Fu Ka Tsang, Ms. Siu Mei Wan, Ms. Tse Oi Ling, Mr. Wong Wing Sang and Mr. Tsai Sui Cheung, Andrew.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out in pages 3 to 5 of this annual report.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31 March 2021, the directors of the Company had the following beneficial interests, all being long positions, in the share capital of the Company, the subsidiaries and associates of the Company:

	Number of shares held				% of the Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
(a) The Company					
(Ordinary shares)					
Chua Nai Tuen	4,509,917	–	93,178,000 (Note)	–	43.34
Nelson Junior Chua	6,954,391	–	–	–	3.09
Jimmy Siy Tiong	3,770,987	–	–	–	1.67
Tsai Han Yung	5,120,490	–	–	–	2.27
Vivian Chua	1,040,000	–	–	–	0.46

REPORT OF THE DIRECTORS

	Number of shares held				% of the Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	
(b) Nan Sing Plastics Limited					
(Ordinary shares)					
Chua Nai Tuen	–	–	6,965	–	4.64
(c) Titan Dragon Properties Corporation					
(Capital stock of Pesol,000.00 per share)					
Chua Nai Tuen	7,200	13,600	4,000 (Note)	–	31.00
Jimmy Siy Tiong	1,600	–	–	–	2.00

Note:

The shares regarding ‘Corporate interests’ in which Messrs. Chua Nai Tuen was taken to be interested as stated above were the interests of corporations in general meetings of which he was either entitled to exercise (or was taken under Part XV of the Securities and Futures Ordinance (the “SFO”) to be able to exercise) or control the exercise of one-third or more of the voting power in general meetings of such corporations.

Except as disclosed above, as recorded in the register kept by the Company under section 352 of the SFO in respect of information required to be notified to the Company and the Stock Exchange pursuant to the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers:

- (a) there were no interests, both long and short positions, held as at 31 March 2021 by any of the directors or chief executive of the Company in shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), and
- (b) there existed during the financial year no rights to subscribe for shares, underlying shares or debentures of the Company which were held by any of the directors or chief executive of the Company or any of their spouses or children under 18 years of age nor had there been any exercises during the financial year of any such rights by any of them.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS

Given below are the names of all parties, other than persons who are Directors of the Company, which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital of the Company and the respective relevant numbers of shares in which they were, and/or were deemed to be, interested as at 31 March 2021 as recorded in the register kept by the Company under section 336 of the SFO:

	No. of Ordinary Shares held	% of the Issued Share Capital
J & N International Limited (“J & N”) (<i>Note 1</i>)	56,216,000	24.94
Sonliet Investment Company Limited (“Sonliet Investment”) (<i>Note 1</i>)	36,962,000	16.40
Mr. Chua Nai King (<i>Note 2</i>)	21,204,931	9.41
Julius Baer Trust Company (Singapore) Limited (“Julius Baer”) (<i>Note 2</i>)	16,880,140	7.49
Loriking Limited (“Loriking”) (<i>Note 2</i>)	16,880,140	7.49

Notes:

1. For the avoidance of doubts and double counting, it should be noted that J & N’s and Sonliet Investment’s interests are entirely duplicated with Mr. Chua Nai Tuen’s interests.
2. For the avoidance of doubts and double counting, it should be noted that Julius Baer’s and Loriking’s interests are entirely duplicated with Mr. Chua Nai King’s interests.

All the interests stated above represented long positions and as at 31 March 2021, there were no short positions recorded in the said register.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as “Related Parties” under applicable accounting principles. These mainly relate to transactions entered into by the Group in the ordinary course of business and on an arm’s length basis. Details are set out in note 44 to the consolidated financial statements.



REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

During the year, the Group paid consultancy fee of HK\$1,771,941 (2020: HK\$1,927,600) to Sonliet Investment Company Limited, in which Mr. Chua Nai Tuen, the Director of the Company, is the controlling shareholder and also director.

During the year, a tenancy agreement was made on arm's length basis in connection with the leasing of a premises owned by Sonliet Realty Company Limited, a company controlled by Mr. Chua Nai Tuen, to Nan Sing Warehouse Limited, a subsidiary of the Company. The total amount of lease payment by the Group during the year was HK\$1,350,000 (2020: HK\$1,350,000).

The above transactions fall within the continuing connected transactions under the Rule 14A.33 of the Listing Rules and were exempted from the reporting, announcement and independent shareholders' approval requirements.

Save for contracts amongst the Group and the aforementioned transaction, no other significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTOR'S AND MANAGEMENT EMOLUMENTS

Particulars of director's emoluments and the five highest paid individuals in the Group are set out in notes 14 and 15 to the financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2021, none of the Directors nor their respective associates was interested in any business which is considered to compete or is likely to compete, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

MANAGEMENT CONTRACTS

No contracts for the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISIONS

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

The Company has taken out and maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover the certain legal actions brought against its directors and officers.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2021.

AUDITORS

Grant Thornton Hong Kong Limited, the auditors of the Company, will retire at the conclusion of the forthcoming AGM of the Company and be eligible to offer themselves for re-appointment. A resolution will be submitted to the forthcoming AGM to seek Shareholders' approval for the re-appointment of Grant Thornton Hong Kong Limited as the Company's auditors until the conclusion of the next AGM.

FORWARD-LOOKING STATEMENTS

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

On behalf of the Board
Chua Nai Tuen
Managing Director

Hong Kong, 24 June 2021



To the members of Southeast Asia Properties & Finance Limited
(incorporated in the Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Southeast Asia Properties & Finance Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 47 to 136, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss, the consolidated statement of 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 (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance (“CO”).

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.

INDEPENDENT AUDITORS' REPORT

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.

Valuation of investment properties

Refer to notes 2.6, 4.1 and 18 to the consolidated financial statements

The Key Audit Matter

As at 31 March 2021, the Group had investment properties amounting to HK\$805,236,720. Loss arising from the change in fair value of the investment properties amounting to HK\$47,586,253 was recognised in the consolidated statement of profit or loss during the year ended 31 March 2021. The estimate of the fair value of the Group's investment properties requires significant management judgement taking into account the conditions and locations of the properties as well as the latest market transactions. To support management's determination of the fair value, the Group has engaged independent external valuers ("Valuers") to perform valuations on the investment properties at the reporting date.

We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with management judgement associated with when determining the fair value.

How the matter was addressed in our audit

Our audit procedures to assess the valuation of investment properties included:

- evaluating the competence, capabilities and objectivity of the Valuers;
- obtaining an understanding from the Valuers about the valuation methodologies, significant unobservable inputs and critical judgment on key inputs and data used in the valuations;
- assessing the reasonableness of valuation methodologies used by the Valuers;
- assessing the reasonableness of significant unobservable inputs used by the Valuers by comparing them to publicly available information of similar comparable properties;
- evaluating the reasonableness of adjusting factors on the conditions and locations of the properties made by the Valuers by comparing them with historical adjusting factors applied, comparability and other market factors for similar properties; and
- discussing the valuations with the Valuers and challenging the key estimates adopted in the valuations, with the assistance of a property valuation specialists engaged by us.

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS (Cont'd)

Provision for expected credit losses (“ECL”) of trade receivables

Refer to notes 2.9, 4.1 and 25 to the consolidated financial statements

The Key Audit Matter

As at 31 March 2021, the Group had trade receivables of HK\$118,288,213, net of ECL allowance of HK\$528,534. The Group recognises ECL allowance for trade receivables by adopting the ECL model. In calculating the ECL allowance, the loss rates are estimated based on probability of default and recovery rate; and exposure of default after consideration of underlying collaterals, if any, and adjusted for forward-looking information that is available without undue cost or effort. The Group has engaged an independent external valuer (“Valuer”) to perform valuations on the impairment assessment of trade receivables at the reporting date.

We identified the impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables in the consolidated financial statements and the involvement of subjective judgement and management estimates in evaluating the ECL allowance of the Group’s trade receivables at the reporting date.

How the matter was addressed in our audit

Our audit procedures to assess the impairment assessment of trade receivables included:

- evaluating the competence, capabilities and objectivity of the independent professional valuer;
- discussing the Group’s policies and procedures on credit periods given to customers with the management;
- checking, on a sample basis, the aging profile of the trade receivables as at 31 March 2021 to the underlying financial records;
- inquiring management for the status of each of the material trade receivables past due as at 31 March 2021 and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical settlement records of and other correspondence with the customers; and
- assessing the appropriateness of the ECL provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the ECL allowance.



INDEPENDENT AUDITORS' REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the 2021 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the CO, 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 assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the CO, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITORS' REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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.



INDEPENDENT AUDITORS' REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

24 June 2021

Kwok Siu Kwan Sylvia

Practising Certificate No.: P06616

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021 (in HK Dollars)

	Notes	2021	2020
Revenue	6	260,322,083	324,949,954
Cost of sales		(174,373,962)	(233,016,142)
Gross profit		85,948,121	91,933,812
Other revenue and other income	7	6,398,854	2,802,317
Loss arising from change in fair value of investment properties		(47,586,253)	(185,677,089)
Gain/(Loss) arising from financial assets at fair value through profit or loss ("FVTPL")	10	1,034,431	(1,608,708)
Selling and distribution expenses		(5,965,132)	(6,463,051)
Administrative expenses		(65,917,600)	(62,608,978)
Reversal of/(Provision for) expected credit loss allowance of trade and other receivables		2,581,571	(787,223)
Other operating expenses		(105,198)	(303,719)
Finance costs	8	(7,292,699)	(12,530,188)
Share of results of associates		(3,397,622)	(300,953)
Impairment loss recognised in respect of amount due from an associate	19	(1,782,976)	(3,371,462)
Gain on disposal of subsidiaries	43	53,407,082	–
Profit/(Loss) before income tax		17,322,579	(178,915,242)
Income tax expense	9	(8,779,924)	(6,521,414)
Profit/(Loss) for the year	10	8,542,655	(185,436,656)
Profit/(Loss) for the year attributable to:			
Owners of the Company		6,266,111	(185,675,835)
Non-controlling interests		2,276,544	239,179
		8,542,655	(185,436,656)
Earnings/(Loss) per share attributable to owners of the Company			
Basic and diluted (HK cents)	12	2.8	(82.4)

The notes on pages 53 to 136 are an integral part of these consolidated financial statements. Details of dividends payable and proposed for the year are set out in note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021 (in HK Dollars)

	<i>Note</i>	2021	2020
Profit/(Loss) for the year	10	8,542,655	(185,436,656)
Other comprehensive income/(expense): <i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		10,156,904	(6,844,846)
Other comprehensive income/(expense) for the year		10,156,904	(6,844,846)
Total comprehensive income/(expense) for the year		18,699,559	(192,281,502)
Total comprehensive income/(expense) attributable to:			
Owners of the Company		15,782,033	(192,076,745)
Non-controlling interests		2,917,526	(204,757)
		18,699,559	(192,281,502)

The notes on pages 53 to 136 are an integral part of these consolidated financial statements. Details of dividends payable and proposed for the year are set out in note 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 (in HK Dollars)

	<i>Notes</i>	2021	2020
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	153,222,523	160,494,596
Right-of-use assets	17	14,281,194	13,815,227
Investment properties	18	805,236,720	849,677,831
Interests in associates	19	14,422,890	18,521,547
Intangible assets	20	3,702,706	3,702,706
Other assets	21	2,962,454	2,700,000
Financial asset at fair value through other comprehensive income (non-recycling)	22	15,000,000	–
Deposits and prepayments	26	17,895,490	15,000,000
Deferred tax assets	37	2,671,782	2,484,084
		1,029,395,759	1,066,395,991
Current assets			
Stock of property	23	–	124,000,000
Inventories	24	48,929,873	42,939,701
Trade and other receivables	25	120,233,466	101,149,271
Deposits and prepayments	26	5,812,334	6,725,349
Tax recoverable		251,736	538,032
Restricted cash	27	4,100,000	4,100,000
Financial assets at FVTPL	28	22,502,500	6,066,000
Trust accounts of shares dealing clients	29	91,918,726	75,827,361
Cash and cash equivalents	30	159,575,769	103,372,537
		453,324,404	464,718,251
Current liabilities			
Trade and other payables	31	134,382,272	112,579,758
Contract liabilities	32	1,421,221	1,865,167
Bank loans	33	106,869,971	180,873,809
Amount due to an associate	35	666,695	1,018,497
Lease liabilities	34	1,005,704	998,220
Tax payable		4,524,637	4,030,861
		248,870,500	301,366,312
Net current assets		204,453,904	163,351,939
Total assets less current liabilities		1,233,849,663	1,229,747,930

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021 (in HK Dollars)

	<i>Notes</i>	2021	2020
Non-current liabilities			
Bank loans	33	168,279,062	178,220,657
Amount due to a non-controlling interest	36	3,170,000	3,110,000
Deferred tax liabilities	37	13,190,836	11,144,466
		184,639,898	192,475,123
Net assets		<u>1,049,209,765</u>	<u>1,037,272,807</u>
EQUITY			
Share capital	38	245,062,941	245,062,941
Reserves		792,942,316	783,922,884
Equity attributable to owners of the Company		1,038,005,257	1,028,985,825
Non-controlling interests		11,204,508	8,286,982
Total equity		<u>1,049,209,765</u>	<u>1,037,272,807</u>

The notes on pages 53 to 136 are an integral part of these consolidated financial statements.

Chua Nai Tuen
Director

Nelson Junior Chua
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021 (in HK Dollars)

	Share capital	Property revaluation reserve <i>(Note)</i>	Exchange reserve	Retained profits	Subtotal	Non- controlling interests	Total
At 1 April 2019	245,062,941	4,278,755	33,485,136	944,998,339	1,227,825,171	8,491,739	1,236,316,910
(Loss)/Profit for the year	-	-	-	(185,675,835)	(185,675,835)	239,179	(185,436,656)
Other comprehensive expense for the year	-	-	(6,400,910)	-	(6,400,910)	(443,936)	(6,844,846)
Total comprehensive expenses for the year	-	-	(6,400,910)	(185,675,835)	(192,076,745)	(204,757)	(192,281,502)
2019 final dividends paid <i>(Note 11)</i>	-	-	-	(6,762,601)	(6,762,601)	-	(6,762,601)
At 31 March 2020 and At 1 April 2020	245,062,941	4,278,755	27,084,226	752,559,903	1,028,985,825	8,286,982	1,037,272,807
Profit for the year	-	-	-	6,266,111	6,266,111	2,276,544	8,542,655
Other comprehensive income for the year	-	-	9,515,922	-	9,515,922	640,982	10,156,904
Total comprehensive income for the year	-	-	9,515,922	6,266,111	15,782,033	2,917,526	18,699,559
2020 final dividends paid <i>(Note 11)</i>	-	-	-	(6,762,601)	(6,762,601)	-	(6,762,601)
At 31 March 2021	<u>245,062,941</u>	<u>4,278,755</u>	<u>36,600,148</u>	<u>752,063,413</u>	<u>1,038,005,257</u>	<u>11,204,508</u>	<u>1,049,209,765</u>

Note:

Property revaluation reserve relates to the properties reclassified from owner-occupied properties to investment properties. The accumulated increase in fair value in excess of any impairment losses recognised at the date of reclassification is included in property revaluation reserve, which will be transferred to retained profits upon retirement or disposal of the relevant property.

The notes on pages 53 to 136 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021 (in HK Dollars)

	<i>Notes</i>	2021	2020
Cash generated from operations	40	9,464,070	76,986,040
Profits tax paid		(5,973,571)	(4,535,961)
<i>Net cash from operating activities</i>		3,490,499	72,450,079
Cash flows from investing activities			
Interest received		1,442,425	795,667
Dividend received from listed equity securities		581,943	384,873
Advance to associates		(1,081,941)	(3,646,826)
Purchases of property, plant and equipment		(10,016,250)	(3,068,059)
Additions to investment properties		(3,145,142)	(3,469,313)
Deposit paid for long-term investments		(17,895,490)	–
Proceeds from disposal of property, plant and equipment		13,341	–
Proceeds from disposal of subsidiaries		179,825,621	–
<i>Net cash generated from/(used in) investing activities</i>		149,724,507	(9,003,658)
Cash flows from financing activities			
Dividend paid		(6,762,601)	(6,762,601)
Interest paid		(6,938,444)	(12,078,888)
Interest portion of the lease liabilities		(17,443)	(52,751)
Principal portion of the lease liabilities		(1,332,557)	(1,297,249)
Other finance costs paid		(377,869)	(383,353)
Proceed from new bank loans		1,554,500,000	1,920,000,000
Repayment of bank loans		(1,638,445,433)	(1,949,882,957)
Advance from non-controlling interests		60,000	–
Repayment of amount due to an associate		(351,802)	(139,737)
<i>Net cash used in financing activities</i>		(99,666,149)	(50,597,536)
Net increase in cash and cash equivalents		53,548,857	12,848,885
Cash and cash equivalents at beginning of the year		103,372,537	91,012,693
Effect of foreign exchange rate changes, net		2,654,375	(489,041)
Cash and cash equivalents at end of the year	30	159,575,769	103,372,537

The notes on pages 53 to 136 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

I. GENERAL INFORMATION

Southeast Asia Properties & Finance Limited (the “Company”) is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is Units 407–410, 4th Floor, Tower 2, Silvercord, No. 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong and, its principal place of business is Hong Kong and the People’s Republic of China (the “PRC”). The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Company and its subsidiaries (the “Group”) include investment holding, property investment, development and leasing, hotel operation, manufacturing and distribution of plastic packaging materials and securities broking and margin financing.

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

These consolidated financial statements for the year ended 31 March 2021 were approved for issue by the board of directors on 24 June 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 3.

These consolidated financial statements have been prepared on the historical cost basis except investment properties and certain financial assets which are stated at fair values. The measurement bases are fully described in the accounting policies below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Basis of consolidation (Cont'd)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits).

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.3 Associate

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

In the consolidated financial statements, an investment in associates is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Associate (Cont'd)

Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal Group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on the investment in associate recognised for the year.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Where unrealised losses on assets sales between the Group and its associate are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate's accounting policies to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

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 (i.e. only translated using the exchange rates at the transaction date).

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

2.5 Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Construction in progress are carried at cost, less any recognised impairment loss. They are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Property, plant and equipment (Cont'd)

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings	Over the shorter of its estimated useful life or unexpired period of the lease of land
Plant and machinery	10%
Furniture, fixtures and equipment	10%–25%
Motor vehicles	20%

Accounting policy for depreciation of right-of-use assets is set out in note 2.13.

Estimated residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

2.6 Investment properties

Investment properties are land and/or buildings which are owned to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties include leased properties which are being recognised as right-of-use assets under HKFRS 16.

On initial recognition, investment property is measured at cost, and subsequently at fair value, unless fair value cannot be reliably determined at that time.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.6 Investment properties (Cont'd)

Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

2.7 Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Intangible assets, with indefinite useful lives, are tested for impairment as described below in note 2.18.

2.8 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification and initial measurement of financial assets (Cont'd)

Financial assets are classified into the following categories:

- amortised cost;
- FVTPL; or
- fair value through other comprehensive income (“FVOCI”).

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other revenue and other income, except for expected credit loss (“ECL”) of receivables which is presented as a separate item in profit or loss.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in other revenue and other income in the consolidated statement of profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s cash and cash equivalents, trust accounts of shares dealing clients, restricted cash, deposits and trade and other receivables fall into this category of financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Financial instruments (Cont'd)

Financial assets (Cont'd)

Subsequent measurement of financial assets (Cont'd)

Debt investments (Cont'd)

Financial assets at FVTPL

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "Fair value reserve — non-recycling" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVOCI are not subject to impairment assessment. The cumulative gain or loss in "Fair value reserve — non-recycling" will not be reclassified to profit or loss upon disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Dividends are included in the "Other revenue and other income" in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, bank loans, amount due to an associate, lease liabilities and amount due to a non-controlling interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Financial instruments (Cont'd)

Financial liabilities (Cont'd)

Classification and measurement of financial liabilities (Cont'd)

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

Accounting policies of lease liabilities are set out in note 2.13.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables, amounts due to an associate and a non-controlling interest

Trade and other payables, amounts due to an associate and a non-controlling interest are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL — (the “ECL model”). Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month ECL' are recognised for the first category while 'lifetime ECL' are recognised for the second category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

For ECL assessment of trade receivables arising from manufacturing and distribution of plastic packaging materials, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

For ECL assessment of trade receivables arising from broking/securities margin financing and leasing/hotel operations, the assessment was performed on individual basis by reference to valuation of collateral and the internal credit rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Impairment of financial assets (Cont'd)

Other financial assets measured at amortised cost

The Group measures the loss allowance for other financial assets measured at amortised cost equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

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

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Impairment of financial assets (Cont'd)

Other financial assets measured at amortised cost (Cont'd)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

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

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 47.5.

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. It excludes borrowing costs.

2.11 Cash and cash equivalents

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

2.12 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.16). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Leases

(a) Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group leases lands. All land in the PRC is state-owned or collectively-owned and no individual land ownership exists. The Group acquires the right to use certain land. The premiums paid for such right are treated as prepayment for the lease and recognised as right-of-use assets.

Except for those right-of-use assets meeting the definition of investment properties, the Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset (except for those meeting the definition of investment properties) for impairment when such indicator exists. Those right-of-use assets meeting the definition of investment properties are subsequently measured at fair value, in accordance with the Group's accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Leases (Cont'd)

(a) Definition of a lease and the Group as a lessee (Cont'd)

Measurement and recognition of leases as a lessee (Cont'd)

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

On the consolidated statement of financial position, right-of-use assets have been presented in separate line item.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Leases (Cont'd)

(b) *The Group as a lessor*

As a lessor, the Group classifies its leases as operating leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.15 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.16 Revenue recognition

Revenue arises mainly from the sales of goods and rendering of services.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Revenue recognition (Cont'd)

4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Further details of the Group's revenue and other income recognition policies are as follows:

Sales of goods

Revenue from sales of goods is recognised when the Group transfers control of the assets to the customer. Control transfers at the point in time when the goods are delivered to the customers.

Brokerage commission

The Group provides broking, dealing and handling services for securities, futures and options contracts. Brokerage commission is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed.

Hotel accommodation income

Hotel accommodation income is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customers simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Revenue recognition (Cont'd)

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of ECL allowance) of the asset.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Rental income from operating leases

Accounting policies for rental income are set out in note 2.13.

Handling fee income from stock broking and transportation fee income

Handling fee income from stock broking and transportation fee income are recognised when the services are rendered.

2.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income is presented in gross under “Other revenue and other income” in the consolidated statement of profit or loss.

2.18 Impairment of non-financial assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- The Company's interests in subsidiaries and associates

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.18 Impairment of non-financial assets (Cont'd)

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

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

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

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

2.19 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plan under the Mandatory Provident Fund ("MPF") Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.19 Employee benefits (Cont'd)

Retirement benefits (Cont'd)

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

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 reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.20 Borrowing costs

Borrowing costs are expensed when incurred.

2.21 Accounting for income taxes

Income tax comprises current tax and deferred tax.

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

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.21 Accounting for income taxes (Cont'd)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

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

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.21 Accounting for income taxes (Cont'd)

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

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.22 Segment reporting

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

The Group has identified the following reportable segments:

- Property investment, development and leasing/hotel operation
- Manufacturing and distribution of plastic packaging materials
- Broking and securities margin financing

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.22 Segment reporting (Cont'd)

The measurement policies the Group used for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that the following items are not included in arriving at the operating results of the operating segment:

- share of results of associates and impairment loss of amounts due from associates;
- certain finance costs;
- income tax expense; and
- corporate income and expenses which are not directly attributable to the business activities of any operating segment.

Segment assets include all assets but exclude head office. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include bank loans which are not directly attributable to the business activities of any operating segment.

2.23 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.23 Related parties (Cont'd)

- (b) the party is an entity and if any of the following conditions applies:
- (i) the entity and the Group are members of the same group.
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) the entity and the Group are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group and the sponsoring employers are also related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close 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.

2.24 Stock of property

Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets in note 2.13, a stock of property is stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised less applicable variable selling expenses and anticipated cost to completion.

Development cost of property comprises mainly construction costs, land use rights in relation to stock of property for subsequent sale and professional fees incurred during the development period. On completion, the property is transferred to a completed property held for sale.

Stock of property is classified as a current asset unless it will not be realised in the normal operating cycle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 April 2020

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2020:

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

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKFRS 9, HKFRS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁶
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁷
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ²
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control (Revised) ⁵

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

3. ADOPTION OF NEW AND AMENDED HKFRSs (Cont'd)

Issued but not yet effective HKFRSs (Cont'd)

- ¹ Effective for annual periods beginning on or after 1 January 2021
- ² Effective for annual periods beginning on or after 1 January 2022
- ³ Effective for annual periods beginning on or after 1 January 2023
- ⁴ Effective date not yet determined
- ⁵ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022
- ⁶ Effective for annual periods beginning on or after 1 June 2020
- ⁷ Effective for annual periods beginning on or after 1 April 2021

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Estimation uncertainty

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

Estimation of fair value of investment properties

The Group's investment properties are stated at fair value based on the valuation performed by independent qualified surveyors. In determining the fair value, the surveyors have based on methods of valuation which involves certain estimates. In relying on the valuation report, the directors have exercised its judgement and are satisfied that the method of valuation is reflective of the current market conditions. Should there be any changes in assumptions due to change of market conditions, the fair value of the investment properties will change in future.

As at 31 March 2021, the carrying amounts of the Group's investment properties carried at fair value were HK\$805,236,720 (2020: HK\$849,677,831). Details of the fair value measurements are disclosed in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

4.1 Estimation uncertainty (Cont'd)

Estimation of impairment of trade receivables within the scope of ECL under HKFRS 9

The Group makes allowances on trade receivables subject to ECL based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting date as set out in note 2.9. As at 31 March 2021, the aggregate carrying amounts of trade receivables amounted to HK\$118,288,213 (net of ECL allowance of HK\$528,534) (2020: HK\$99,473,198 (net of ECL allowance of HK\$3,086,202)).

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade receivables within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

4.2 Critical accounting judgements

Deferred tax on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that Group's investment properties located in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred tax on investment properties located in Hong Kong, the directors of the Company have determined with the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on fair value changes of the investment properties on disposal.

For investment properties located in the PRC, deferred taxes are recognised on the fair value changes of investment properties as the Group is subject to capital gain tax upon disposal of the relevant investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

4.2 Critical accounting judgements (Cont'd)

Control over Nice Profit Hong Kong Investment Limited ("Nice Profit")

The Group holds 50% interest and voting right in Nice Profit while the remaining 50% interest and voting right is held by an independent third party. With regard of the board of directors of Nice Profit, it is composed of three directors in which two of them are senior management of the Group and the remaining one is the independent third party who holds 50% interests and voting right of Nice Profit. This independent third party has agreed to act in accordance with the Group for daily operation of the Nice Profit and the decision made by the Group for Nice Profit in all matters including but not limited to dividend policy, funding structure and selecting, acquiring or disposing of assets. Thus, the Group has sufficiently dominant voting interest to direct the relevant activities of Nice Profit and therefore has control over Nice Profit.

5. SEGMENT INFORMATION

The executive directors of the Company, being the chief operating decision makers, have identified the following operating segments of the Group as further described in note 2.22.

Property investment, development and leasing/hotel operation	Provision of hotel services in Hong Kong and investing, developing and leasing properties in Hong Kong and the PRC
Manufacturing and distribution of plastic packaging materials	Manufacturing and distribution of plastic packaging materials
Broking and securities margin financing	Provision of stock and futures broking and provision of securities margin financing

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

5. SEGMENT INFORMATION (Cont'd)

5.1 Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Property investment, development and leasing/ hotel operation		Manufacturing and distribution of plastic packaging materials		Broking and securities margin financing		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Segment revenue								
- from external customers	<u>16,534,210</u>	<u>36,310,235</u>	<u>224,588,702</u>	<u>273,029,244</u>	<u>19,199,171</u>	<u>15,610,475</u>	<u>260,322,083</u>	<u>324,949,954</u>
Segment results	(15,228,807)	(452,541)	32,588,591	23,715,441	6,615,263	(298,450)	23,975,047	22,964,450
Gain on disposal of subsidiaries	53,407,082	-	-	-	-	-	53,407,082	-
Loss arising from change in fair value of investment properties	(47,586,253)	(185,677,089)	-	-	-	-	(47,586,253)	(185,677,089)
	<u>(9,407,978)</u>	<u>(186,129,630)</u>	<u>32,588,591</u>	<u>23,715,441</u>	<u>6,615,263</u>	<u>(298,450)</u>	<u>29,795,876</u>	<u>(162,712,639)</u>
Unallocated finance costs							(7,292,699)	(12,530,188)
Share of results of associates							(3,397,622)	(300,953)
Impairment loss recognised in respect of amount due from an associate							(1,782,976)	(3,371,462)
Profit/(Loss) before income tax							17,322,579	(178,915,242)
Income tax expense							(8,779,924)	(6,521,414)
Profit/(Loss) for the year							<u>8,542,655</u>	<u>(185,436,656)</u>
Interest income	858	4,744	459,755	97,185	981,812	249,051	1,442,425	350,980
Depreciation of right-of-use assets	23,085	23,085	1,776,700	1,765,127	-	-	1,799,785	1,788,212
Depreciation of property, plant and equipment	4,498,584	6,203,688	5,813,925	6,309,478	303,904	322,417	10,616,413	12,835,583
Loss arising from change in fair value of investment properties	47,586,253	185,677,089	-	-	-	-	47,586,253	185,677,089
Loss on disposal of property, plant and equipment	355,325	-	-	-	-	-	355,325	-
Write off of property, plant and equipment	11,194,022	-	-	-	-	9,668	11,194,022	9,668
Write-down of stock of property	-	5,652,000	-	-	-	-	-	5,652,000
Provision for ECL allowance of trade and other receivables	-	-	-	375,686	-	554,567	-	930,253
Reversal of ECL allowance of trade and other receivables	-	-	(448,663)	(130,812)	(2,132,908)	(12,218)	(2,581,571)	(143,030)
Bad debt recovered	-	-	-	-	(92,450)	(4,000)	(92,450)	(4,000)
Bad debt written off	<u>64,644</u>	<u>34,359</u>	<u>81,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,281</u>	<u>34,359</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

5. SEGMENT INFORMATION (Cont'd)

5.2 Segment assets and liabilities

	Property investment, development and leasing/ hotel operation		Manufacturing and distribution of plastic packaging materials		Broking and securities margin financing		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Assets								
Reportable segment assets	861,330,320	1,039,727,713	271,048,414	218,716,918	281,701,604	201,230,786	1,414,080,338	1,459,675,417
Unallocated corporate assets							68,639,825	71,438,825
Total assets							1,482,720,163	1,531,114,242
Liabilities								
Reportable segment liabilities	24,867,302	27,098,544	29,171,603	22,135,588	104,322,460	85,512,837	158,361,365	134,746,969
Unallocated corporate liabilities							275,149,033	359,094,466
Total liabilities							433,510,398	493,841,435
Additions to non-current assets (other than financial instruments and deferred tax assets)	12,479,633	8,729,675	1,974,040	1,868,680	47,760	68,800	14,501,433	10,667,155

5.3 Geographical segment

The Group's revenues from external customers and its non-current assets (other than amount due from an associate, financial asset at FVOCI, refundable investment deposit and deferred tax assets) are divided into the following geographical areas. The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from external customers		Non-current assets	
	2021	2020	2021	2020
Hong Kong	82,545,970	103,083,431	899,102,042	959,056,272
Japan	56,421,151	55,867,359	-	-
PRC	48,379,241	91,164,500	94,257,394	88,685,549
Oceania	43,830,092	44,418,052	-	-
Europe	14,608,062	16,246,862	-	-
North America	14,537,567	14,169,750	-	-
	260,322,083	324,949,954	993,359,436	1,047,741,821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

5. SEGMENT INFORMATION (Cont'd)

5.4 Information about major customers

Revenue from customers contributing over 10% of revenue of the Group is as follows:

	2021	2020
Manufacturing and distribution of plastic packaging materials		
Customer A	44,106,060	41,875,444
Customer B	N/A	33,659,235

N/A: Revenue from this customer during the year ended 31 March 2021 did not exceed 10% of the Group's revenue.

As at 31 March 2021, 3% (2020: 3%) of the Group's trade receivables was due from these customers.

6. REVENUE

The Group's principal activities are disclosed in note 1 to the consolidated financial statements.

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

	2021	2020
Revenue from contracts with customers		
Sales of goods	224,588,702	273,029,244
Brokerage commission	11,020,689	8,318,511
Hotel accommodation income (<i>Note</i>)	525,351	12,591,434
	236,134,742	293,939,189
Revenue from other sources		
Rental and related income	16,008,859	23,718,801
Interest income received from clients	7,596,539	6,907,091
Dividend income from listed equity securities	581,943	384,873
	24,187,341	31,010,765
Total revenue	260,322,083	324,949,954

Note: The significant decrease of hotel accommodation income during year ended 31 March 2021 is mainly due to temporary suspension of hotel operation business in Hong Kong from 1 June 2021 for alteration and addition works.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

6. REVENUE (Cont'd)

Disaggregation of revenue from contracts with customers with the scope of HKFRS 15

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following geographical markets:

	2021	2020
Timing of revenue recognition		
At a point in time	235,609,391	281,347,755
Over time	525,351	12,591,434
	<u>236,134,742</u>	<u>293,939,189</u>
Geographical markets		
Hong Kong	58,851,330	72,558,173
Japan	56,421,151	55,867,359
PRC	47,886,540	90,678,993
Oceania	43,830,092	44,418,052
Europe	14,608,062	16,246,862
North America	14,537,567	14,169,750
	<u>236,134,742</u>	<u>293,939,189</u>

7. OTHER REVENUE AND OTHER INCOME

	2021	2020
Interest income	1,442,425	350,980
Other income (note a)	594,045	605,172
Building management fee	91,363	215,000
Handling fee income from stock broking	1,022,317	821,340
Sales of scrap materials	152,429	21,251
Bad debt recovered	92,450	4,000
Government grants (note b)	3,003,825	784,574
	<u>6,398,854</u>	<u>2,802,317</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

7. OTHER REVENUE AND OTHER INCOME (Cont'd)

Notes:

- (a) Other income mainly represents transportation fee charged to customers.
- (b) During the year ended 31 March 2021, the Group received funding support amounting to HK\$2,449,930 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

The Group also received government grants of HK\$125,895 (2020: HK\$784,574) in PRC mainly in relation to the encouragement of staff employment.

There were no unfulfilled conditions or contingencies relating to these government grants.

8. FINANCE COSTS

	2021	2020
Interest expenses on:		
Bank loans	6,783,974	12,022,756
Other borrowings	113,413	71,328
Finance charges on lease liabilities	17,443	52,751
Bank charges	377,869	383,353
	<u>7,292,699</u>	<u>12,530,188</u>

9. INCOME TAX EXPENSE

	2021	2020
Hong Kong Profits Tax		
– Current tax	6,141,858	5,397,130
– Under/(Over) provision in prior years	101,002	(333,180)
	<u>6,242,860</u>	<u>5,063,950</u>
PRC Enterprise Income Tax (“EIT”)		
– Current tax	697,847	802,877
– (Over)/Under provision in prior years	(19,455)	628,208
	<u>678,392</u>	<u>1,431,085</u>
Deferred tax charge (note 37)	1,858,672	26,379
Total income tax expense	<u>8,779,924</u>	<u>6,521,414</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

9. INCOME TAX EXPENSE (Cont'd)

The provision for Hong Kong Profits Tax for 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year, 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 rates 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%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020.

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

Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates is as follow:

	2021	2020
Profit/(Loss) before income tax	17,322,579	(178,915,242)
Tax on profit/(loss) before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	2,865,895	(29,693,695)
Tax effect of non-deductible expenses	12,418,630	35,607,315
Tax effect of non-taxable income	(11,364,853)	(1,406,328)
Tax effect of tax losses not recognised	3,416,206	1,668,071
Utilisation of tax losses previously not recognised	56,050	(269,424)
Tax effect of temporary differences not recognised	970,841	545,387
Tax effect of share of results of associates	560,608	49,657
One-off tax reduction of Hong Kong Profits Tax by Inland Revenue Department	(60,000)	(109,597)
Effect on two-tiered profits tax rates regime	(165,000)	(165,000)
Under provision in respect of prior years	81,547	295,028
Income tax expense	8,779,924	6,521,414

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For the year ended 31 March 2021 (in HK Dollars)

10. PROFIT/(LOSS) FOR THE YEAR

Profit/(Loss) for the year is arrived at after charging/(crediting):

	2021	2020
Cost of inventories sold	137,655,512	182,393,315
Direct operating expenses for generating rental income	2,406,122	3,005,971
Auditors' remuneration:		
– Audit services	851,599	809,260
– Non-audit services	72,100	–
	923,699	809,260
Depreciation:		
– Property, plant and equipment	10,616,413	12,835,583
– Right-of-use assets	1,799,785	1,788,212
	12,416,198	14,623,795
(Gain)/Loss on disposal of financial assets at FVTPL	(568,952)	333,708
(Gain)/Loss on change in fair value of financial assets at FVTPL	(465,479)	1,275,000
	(1,034,431)	1,608,708
Impairment loss recognised in respect of amount due from an associate	1,782,976	3,371,462
Provision for ECL allowance of trade and other receivables	–	930,253
Reversal of ECL allowance of trade and other receivables	(2,581,571)	(143,030)
Bad debt written off	146,281	34,359
Bad debt recovered	(92,450)	(4,000)
Loss on disposal of property, plant and equipment	355,325	–
Gain on disposal of subsidiaries	(53,407,082)	–
Write-off of property, plant and equipment	11,194,022	9,668
Write-down of stock of property	–	5,652,000
Exchange loss, net	93,560	155,778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

11. DIVIDENDS

(a) Dividends attributable to the year:

	2021	2020
Proposed final dividend of HK3 cents per ordinary share (2020: HK3 cents)	<u>6,762,601</u>	<u>6,762,601</u>

The final dividend proposed after the reporting date is subject to approval of the shareholders at the forthcoming annual general meeting of the Company and has not been recognised as a liability at the reporting date.

(b) Dividends attributable to the previous financial year, approved and paid during the year:

	2021	2020
2020 final dividend of HK3 cents (2019: HK3 cents) per ordinary share	<u>6,762,601</u>	<u>6,762,601</u>

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted earnings/(loss) per share is based on profit attributable to owners of the Company of HK\$6,266,111 (2020: loss attributable to owners of the Company of HK\$185,675,835) and on the weighted average number of 225,420,034 (2020: 225,420,034) ordinary shares in issue during the year.

The diluted earnings/(loss) per share for the years ended 31 March 2021 and 2020 were the same as basic earnings/(loss) per share as there were no dilutive potential ordinary shares in existence for both years.

13. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2021	2020
Wages, salaries and allowances	45,725,281	51,364,793
Staff benefits	1,165,583	1,701,356
Contributions to retirement benefits scheme (Note)	1,406,338	2,055,361
	<u>48,297,202</u>	<u>55,121,510</u>

Note:

Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the PRC government since February 2020 to expedite resumption of economic activities, which resulted in the relief of certain contributions to retirement benefit scheme contributions during the year ended 31 March 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees	Salaries and allowances	Contributions to retirement benefits scheme	Total
2021				
<i>Executive directors</i>				
Chua Nai Tuen	60,000	4,735,621	–	4,795,621
Nelson Junior Chua	30,000	1,887,541	36,000	1,953,541
<i>Non-executive directors</i>				
Chan Man Hon, Eric	60,000	–	–	60,000
Jimmy Siy Tiong	30,000	–	–	30,000
Tsai Han Yung	40,000	–	–	40,000
Vivian Chua	30,000	507,000	18,000	555,000
<i>Independent non-executive directors</i>				
Chan Siu Ting	65,000	–	–	65,000
James L. Kwok	65,000	–	–	65,000
Wong Shek Keung	50,000	–	–	50,000
Tsui Ka Wah	55,000	–	–	55,000
	<u>485,000</u>	<u>7,130,162</u>	<u>54,000</u>	<u>7,669,162</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Cont'd)

	Fees	Salaries and allowances	Contributions to retirement benefits scheme	Total
2020				
<i>Executive directors</i>				
Chua Nai Tuen	60,000	5,678,500	–	5,738,500
Nelson Junior Chua	30,000	1,039,500	36,000	1,105,500
Gilson Chua (resigned on 31 March 2020)	30,000	2,830,130	18,000	2,878,130
<i>Non-executive directors</i>				
Chan Man Hon, Eric	60,000	–	–	60,000
Jimmy Siy Tiong	30,000	–	–	30,000
Tsai Han Yung	40,000	–	–	40,000
Vivian Chua	30,000	506,917	18,000	554,917
<i>Independent non-executive directors</i>				
Chan Siu Ting	65,000	–	–	65,000
James L. Kwok	65,000	–	–	65,000
Wong Shek Keung	50,000	–	–	50,000
Tsui Ka Wah	55,000	–	–	55,000
	<u>515,000</u>	<u>10,055,047</u>	<u>72,000</u>	<u>10,642,047</u>

Notes:

Mr. Chua Nai Tuen is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

During the year ended 31 March 2021, the Group had provided a staff quarter to Mr. Chua Nai Tuen with rental expenses of HK\$2,315,780 (2020: HK\$2,299,800) which was included in salaries and allowances.

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2020: Nil).

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

15. FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year included two (2020: three) directors whose emoluments are reflected in the analysis presented above. The aggregate emoluments payable to the remaining three (2020: two) individuals during the year are as follows:

	2021	2020
Salaries and allowances	5,009,343	3,760,983
Contributions to retirement benefits scheme	36,315	60,238
	<u>5,045,658</u>	<u>3,821,221</u>

The emoluments fell within the following bands:

	Number of employee	
	2021	2020
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$2,000,001 – HK\$2,500,000	1	–
HK\$1,500,001 – HK\$2,000,000	1	–
HK\$1,000,001 – HK\$1,500,000	1	1
	<u>1</u>	<u>1</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings		Construction in progress	Plant and machinery	Furniture, fixtures & equipment	Motor vehicles	Total
	Located in Hong Kong	Located in the PRC					
Cost							
At 1 April 2019	147,634,553	102,339,867	-	139,102,652	39,723,653	8,953,435	437,754,160
Additions	-	-	-	1,387,609	1,680,450	-	3,068,059
Disposal and written off	-	(4,278,951)	-	(104,470,609)	(11,013,844)	(4,001,136)	(123,764,540)
Exchange alignments	-	(5,511,392)	-	(7,036,863)	(941,670)	(261,192)	(13,751,117)
At 31 March 2020 and 1 April 2020	147,634,553	92,549,524	-	28,982,789	29,448,589	4,691,107	303,306,562
Additions	-	-	9,075,715	633,999	306,536	-	10,016,250
Disposal and written off	(37,274,907)	-	-	(1,567,682)	(702,409)	(253,809)	(39,798,807)
Exchange alignments	-	7,298,406	-	1,619,172	606,815	46,345	9,570,738
At 31 March 2021	110,359,646	99,847,930	9,075,715	29,668,278	29,659,531	4,483,643	283,094,743
Accumulated depreciation and impairment							
At 1 April 2019	54,287,701	47,566,244	-	127,163,042	28,117,670	6,499,526	263,634,183
Charge for the year	5,012,674	2,239,454	-	2,790,995	2,266,949	525,511	12,835,583
Disposal and written off	-	(4,278,951)	-	(104,470,609)	(11,004,176)	(4,001,136)	(123,754,872)
Exchange alignments	-	(2,601,989)	-	(6,483,385)	(609,366)	(208,188)	(9,902,928)
At 31 March 2020 and 1 April 2020	59,300,375	42,924,758	-	19,000,043	18,771,077	2,815,713	142,811,966
Charge for the year	3,397,995	2,261,611	-	2,284,926	2,163,685	508,196	10,616,413
Disposal and written off	(26,080,885)	-	-	(1,567,682)	(333,743)	(253,809)	(28,236,119)
Exchange alignments	-	3,495,918	-	986,798	212,230	(14,986)	4,679,960
At 31 March 2021	36,617,485	48,682,287	-	20,704,085	20,813,249	3,055,114	129,872,220
Carrying amounts							
At 31 March 2021	<u>73,742,161</u>	<u>51,165,643</u>	<u>9,075,715</u>	<u>8,964,193</u>	<u>8,846,282</u>	<u>1,428,529</u>	<u>153,222,523</u>
At 31 March 2020	<u>88,334,178</u>	<u>49,624,766</u>	<u>-</u>	<u>9,982,746</u>	<u>10,677,512</u>	<u>1,875,394</u>	<u>160,494,596</u>

The Group's buildings and construction in progress in Hong Kong with carrying amounts of HK\$82,817,876 (2020: HK\$88,334,178) have been pledged to secure general banking facilities granted to the Group (note 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

17. RIGHT-OF-USE ASSETS

	Leasehold land and land use right	Building held under operating lease	Total
Balance at 1 April 2019	14,009,506	2,295,469	16,304,975
Depreciation for the year	(476,516)	(1,311,696)	(1,788,212)
Exchange alignments	(701,536)	–	(701,536)
Balance at 31 March 2020 and 1 April 2020	12,831,454	983,773	13,815,227
Lease modification	–	1,340,041	1,340,041
Depreciation for the year	(481,002)	(1,318,783)	(1,799,785)
Exchange alignments	925,711	–	925,711
At 31 March 2021	<u>13,276,163</u>	<u>1,005,031</u>	<u>14,281,194</u>

Leasehold land and land use right is located outside Hong Kong.

18. INVESTMENT PROPERTIES

At 1 April 2019	1,027,755,824
Additions	7,599,096
Loss arising from change in fair value	(185,677,089)
At 31 March 2020 and at 1 April 2020	849,677,831
Additions	3,145,142
Loss arising from change in fair value	(47,586,253)
At 31 March 2021	<u>805,236,720</u>

The Group's investment properties with carrying amounts of HK\$362,080,000 (2020: HK\$384,510,000) have been pledged to secure general banking facilities granted to the Group (note 33).

The Group's investment properties were revalued at 31 March 2021 by independent professional qualified valuers, K.T. Liu Surveyors Limited and Asset Appraisal Limited (2020: K.T. Liu Surveyors Limited) who have the recent experience in the location and category of property being valued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

18. INVESTMENT PROPERTIES (Cont'd)

Fair value measurement

The following table shows the Group's investment properties measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy. The levels are based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
At 31 March 2021				
<i>Fair value on a recurring basis</i>				
– Commercial building located in Hong Kong	–	–	664,780,000	664,780,000
– Industrial building located in Hong Kong	–	–	17,300,000	17,300,000
– Open space located in Hong Kong	–	–	107,600,000	107,600,000
– Commercial building located outside Hong Kong	–	–	10,975,600	10,975,600
– Residential building located outside Hong Kong	–	–	4,581,120	4,581,120
	–	–	805,236,720	805,236,720
At 31 March 2020				
<i>Fair value on a recurring basis</i>				
– Commercial building located in Hong Kong	–	–	717,760,000	717,760,000
– Industrial building located in Hong Kong	–	–	17,750,000	17,750,000
– Open space located in Hong Kong	–	–	104,000,000	104,000,000
– Commercial building located outside Hong Kong	–	–	6,446,814	6,446,814
– Residential building located outside Hong Kong	–	–	3,721,017	3,721,017
	–	–	849,677,831	849,677,831

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

18. INVESTMENT PROPERTIES (Cont'd)

Fair value measurement (Cont'd)

The fair values of the Group's investment properties at 31 March 2021 and 2020 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during both years.

At the reporting date, the management will (i) verify all major inputs to the independent valuation report; (ii) assess property valuation movements when compared to prior year valuation report; and (iii) discuss with the independent professional qualified valuer.

Fair value adjustment in investment properties is included in "Gain/Loss arising from change in fair value of investment properties" in the consolidated statement of profit or loss.

Set out below are information about the fair values of investment properties categorised under Level 3 fair value hierarchy:

	Valuation techniques	Significant unobservable input	Range
Investment properties located outside Hong Kong	Income approach (note a)	Rental value	2021: HK\$594/sqm (2020: HK\$524/sqm)
		Vacancy levels	2021: 25% (2020: 58%)
		Reversionary yield	2021: 8% (2020: 12%)
	Market comparison approach (note b)	Discount on characteristic of the property	2021: -6% (2020: -11%)
Investment properties located in Hong Kong	Income approach (note a)	Rental value	2021: N/A (note c) (2020: HK\$5,974/sq.ft)
		Vacancy levels	2021: N/A (note c) (2020: 0%)
		Reversionary yield	2021: N/A (note c) (2020: 2.8%)
	Market comparison approach (note b)	Discount/Premium on characteristic of the property	2021: -25% to 27% (2020: -7% to -31%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

18. INVESTMENT PROPERTIES (Cont'd)

Fair value measurement (Cont'd)

Notes:

- (a) The fair values of the investment properties are estimated using an income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. When actual rent differs materially from the estimated rents, adjustments have been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in-place leases and expectations for rentals from future leases over the remaining economic life of the buildings.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels, and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonably possible alternative assumptions is greatest for rental values and vacancy levels and that there is also an interrelationship between these inputs.

- (b) The fair value of investment properties was carried out using a market comparison approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the properties, including plot size, location, encumbrances and current use.

The significant unobservable input is the premium/discount on quality of the buildings. The extent and direction of the premium/discount depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions. Generally, an increase in premium/discount on the quality of the buildings would result in a higher/lower fair value measurement.

- (c) Since the operation of hotel and shops were suspended for alternation and addition works, the valuation techniques have been changed from income approach to market approach which is more representative of fair value in the circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

19. INTERESTS IN ASSOCIATES

	2021	2020
Interest in associates (<i>note a</i>)	48,257,525	47,175,584
Share of post-acquisition losses and other comprehensive expense, net of dividends received	(12,233,599)	(8,835,977)
Less: Impairment loss recognised on interests in associates (<i>note b</i>)	(21,601,036)	(19,818,060)
	14,422,890	18,521,547

Notes:

- (a) Including in interest in associates represent amounts due from associates of HK\$41,593,213 (2020: HK\$40,511,272) are unsecured, interest-free and have no fixed repayment terms.
- (b) At 31 March 2021 and 2020, the directors assess the recoverable amounts of the amounts due from associates by considering profitability, cash flow position, financial position, forecast business development and future prospects of the associates. Based on these assessments, the directors concluded that impairment loss of HK\$1,782,976 (2020: HK\$3,371,462) was recognised.

The following list contains only the particulars of associates, all of which are unlisted corporate entities whose quoted market prices are not available, which in the opinion of the directors principally affected the results or net assets of the Group as at 31 March 2021 and 2020.

Name of associates	Country/Place of incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest and voting power held by the Group		Principal activities
			2021 %	2020 %	
Wisestar Holdings Limited (“Wisestar”) (<i>note</i>)	Hong Kong	HK\$2	47.7	47.7	Dormant
Ongoing Investments Limited (“Ongoing Investments”)	British Virgin Islands/PRC	US\$100	20	20	Property investment
Sequin Developments Limited (“Sequin Developments”)	British Virgin Islands/PRC	US\$100	20	20	Property investment
Titan Dragon Properties Corporation (“Titan Dragon”)	Philippines	Peso\$80,000,000	49	49	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

19. INTERESTS IN ASSOCIATES (Cont'd)

Note:

Wisestar was wound up by Court order on 17 July 2019 and in progress of deregistration as at reporting date. The Group's interest in Wisestar was fully impaired in prior year.

All associates have a reporting date of 31 March.

Set out below are the summarised financial information of each of the material associate which are accounted for using the equity method:

(i) Ongoing Investments

	2021	2020
Current assets	789,140	1,667,352
Non-current assets	47,738,341	59,932,191
Current liabilities	(17,215,580)	(21,683,023)
Net assets	<u>31,311,901</u>	<u>39,916,520</u>
Revenue	2,375,439	2,549,108
Total expenses	(10,980,058)	(1,164,601)
(Loss)/Profit and total comprehensive (expense)/ income for the year	<u>(8,604,619)</u>	<u>1,384,507</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Ongoing Investments is set out below:

	2021	2020
Net assets of Ongoing Investments	31,311,901	39,916,520
Proportion of the Group's ownership interest in Ongoing Investments	<u>20%</u>	<u>20%</u>
Carrying amount of the Group's interest in Ongoing Investments	<u>6,262,380</u>	<u>7,983,304</u>

For the year ended 31 March 2021, Ongoing Investments did not declare any dividend (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

19. INTERESTS IN ASSOCIATES (Cont'd)

(ii) Sequin Developments

	2021	2020
Current assets	5,660,259	7,745,896
Non-current assets	46,508,658	58,388,409
Current liabilities	(11,366,368)	(13,443,085)
Non-current liabilities	(2,345,254)	(5,850,435)
Net assets	<u>38,457,295</u>	<u>46,840,785</u>
Revenue	1,582,152	2,300,550
Total expenses	(9,965,642)	(1,081,677)
(Loss)/Profit and total comprehensive (expense)/ income for the year	<u>(8,383,490)</u>	<u>1,218,873</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Sequin Developments is set out below:

	2021	2020
Net assets of Sequin Developments	38,457,295	46,840,785
Proportion of the Group's ownership interest in Sequin Developments	20%	20%
Amount due from Sequin Developments	7,691,459 469,051	9,368,157 1,170,086
Carrying amount of the Group's interest in Sequin Developments	<u>8,160,510</u>	<u>10,538,243</u>

For the year ended 31 March 2021, Sequin Developments did not declare any dividend (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

19. INTERESTS IN ASSOCIATES (Cont'd)

(iii) Titan Dragon

	2021	2020
Current assets	3,021,815	3,031,299
Non-current assets	9,344,110	8,425,424
Current liabilities	(122,780)	(770,444)
Non-current liabilities	<u>(125,252,731)</u>	<u>(113,182,974)</u>
Net liabilities	<u>(113,009,586)</u>	<u>(102,496,695)</u>
Revenue	–	–
Total expenses	<u>(2,897,841)</u>	<u>(1,676,794)</u>
Loss and total comprehensive expense for the year	<u>(2,897,841)</u>	<u>(1,676,794)</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in Titan Dragon is set out below:

	2021	2020
Net liabilities of Titan Dragon	(113,009,586)	(102,496,695)
Proportion of the Group's ownership interest in Titan Dragon	<u>49%</u>	<u>49%</u>
Carrying amount of the Group's interest in Titan Dragon	<u>–</u>	<u>–</u>

Unrecognised losses for the year ended 31 March 2021 was HK\$1,419,942 (2020: HK\$Nil) for Titan Dragon. The accumulated losses not recognised were HK\$24,409,668 as at 31 March 2021 (2020: HK\$22,989,726).

For the year ended 31 March 2021, Titan Dragon did not declare any dividend (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

19. INTERESTS IN ASSOCIATES (Cont'd)

(iii) Titan Dragon (Cont'd)

Note: A piece of land located in the Philippines was acquired by Titan Dragon in 1989 and held for development purposes (the "Subject Property"). In 2019, the Court of Appeals of the Philippines made its decision on 1 June 2018 and made its Resolution on 26 February 2019 dismissing Titan Dragon's Petition for Certiorari and denying Titan Dragon's Motion for Reconsideration of said dismissal, respectively, and asserting that Titan Dragon utilised the wrong remedy of certiorari and should have filed a Petition for Annulment of Judgement. Titan Dragon's Petition for Certiorari sought the annulment of the proceedings in a Philippines civil court which ruled in favour of a specific performance claim filed in 2015 by Ms. Veloso-Galenzoga ("Galenzoga"), who claimed that Titan Dragon had sold the Subject Property to her in 1997.

Titan Dragon had filed for a review of the court's decision as well as made a criminal complaint in relation to Galenzoga's purported forgery of various documents to implement her fraudulent scheme to unlawfully take possession of the Subject Property. The Court of Appeals' Decision and Resolution were reached in spite of the fact that the advises of the Philippine lawyers of Titan Dragon were that the arguments raised by Titan Dragon had merits. Although Titan Dragon has filed its Petition for Review on Certiorari before the Supreme Court of the Philippines and, in the opinion of the Philippine lawyers of Titan Dragon, the arguments raised by Titan Dragon in its Petition for Review have merit and its position is strong, it is considered prudent that Titan Dragon should meanwhile fully impair the carrying amount of the Subject Property as it is difficult to predict how the Supreme Court will rule on the issues raised in the Petition for Review. As a result, Titan Dragon fully impaired the investment in the land and an impairment loss allowance of Peso\$1,379,134,000 (equivalent to approximately HK\$206,111,576) was recognised in the financial statements of Titan Dragon during the year ended 31 March 2019.

20. INTANGIBLE ASSETS

	Hong Kong Stock Exchange trading rights	Hong Kong Futures Exchange trading rights	Membership of The Chinese Gold and Silver Exchange Society	Club membership	Total
Cost					
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	5,030,001	201,205	1,475,000	981,500	7,687,706
Accumulated impairment losses					
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	(2,810,000)	-	(1,175,000)	-	(3,985,000)
Carrying amounts					
At 31 March 2021 and 2020	<u>2,220,001</u>	<u>201,205</u>	<u>300,000</u>	<u>981,500</u>	<u>3,702,706</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

20. INTANGIBLE ASSETS (Cont'd)

The Group classified the above intangible assets with indefinite useful lives in accordance with HKAS 38 Intangible Assets. In the opinion of the directors, the above intangible assets except club membership are capable of being renewed indefinitely at insignificant cost and therefore are perpetual in duration, and based on future financial performance of the Group, they are expected to generate positive cash flows indefinitely. The club membership is assessed to have indefinite useful lives. Under HKAS 38, the Group reassesses the useful lives of the intangible assets at the reporting date to determine whether events or circumstances continue to support the view of the indefinite useful life of the asset.

The Group performed impairment test for the intangible assets by comparing its recoverable amounts to their carrying amounts at the reporting date in accordance with HKAS 36 Impairment of Assets.

The recoverable amounts of Hong Kong Stock Exchange trading rights and Hong Kong Futures Exchange trading rights are determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five-year period with a growth rate of 2.0% (2020: 2.0%) per annum. The pre-tax discount rate applied to the cash flow projections was 15.0% (2020: 15.0%). A key assumption for the value in use calculation is the budgeted growth rate, which is determined based on past performance and management's expectations for the market development in Hong Kong. No impairment is made for both years as the recoverable amount exceeded the carrying amount. Management of the Group believes that any reasonably possible change in any of the assumptions would not cause the carrying amount to exceed the recoverable amount of the above trading rights.

The recoverable amounts of Membership of The Chinese Gold and Silver Exchange Society and club membership are their fair values with reference to observable market price for the intangible assets. No impairment is made for both years as the recoverable amounts exceeded the carrying amounts.

21. OTHER ASSETS

	2021	2020
Contribution to the compensation fund with the Stock Exchange	1,500,000	1,500,000
Statutory deposits with Hong Kong Securities Clearing Company Limited	600,000	600,000
Admission fee & guarantee fund to Hong Kong Securities Clearing Company Limited	862,454	600,000
	2,962,454	2,700,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

22. FINANCIAL ASSET AT FVOCI (NON-RECYCLING)

	2021	2020
Unlisted equity investment stated at fair value	<u>15,000,000</u>	<u>–</u>

The Group designated its investment in a private equity fund as financial assets at FVOCI (non-recycling), as this investment is held for the strategic purpose.

The fair value of the Group's unlisted equity investment has been measured as described in note 47.7.

23. STOCK OF PROPERTY

At 1 April 2019	130,000,000
Additions	2,703,500
Write-down of stock of property	<u>(8,703,500)</u>
At 31 March 2020 and at 1 April 2020	124,000,000
Additions	2,592,918
Disposal (<i>Note 43</i>)	<u>(126,592,918)</u>
At 31 March 2021	<u>–</u>

Stock of property represents the property under development held for sale located in Hong Kong. It was disposed through disposal of subsidiaries on 25 January 2021 (Note 43).

At 31 March 2020, the directors reviewed the carrying amounts of the stock of property with reference to current market situation and the estimated selling price of the stock of property less estimated cost necessary to make the sale. The estimation of net realisable value of the stock of property is performed by K.T. Liu Surveyors Limited.

During the year ended 31 March 2020, a write-down of stock of property was recognised in the consolidated statement of profit or loss as the net realisable value of the stock of property was lower than the carrying amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

24. INVENTORIES

	2021	2020
Raw materials	31,240,953	23,383,679
Work-in-progress	4,027,142	4,564,720
Finished goods	13,661,778	14,991,302
	48,929,873	42,939,701

25. TRADE AND OTHER RECEIVABLES

The Group's trade receivables arose from (i) property investment, development and leasing/hotel operation, (ii) manufacturing and distribution of plastic packaging materials, and (iii) broking and securities margin financing.

	2021	2020
Trade receivables from broking and securities margin financing:		
– Clearing house and cash clients	8,853,275	11,298,783
– Secured margin clients	84,421,554	64,728,288
Less: ECL allowance	(31,149)	(2,164,058)
	93,243,680	73,863,013
Trade receivables from sales of goods and leasing/hotel operation	25,541,918	26,532,329
Less: ECL allowance	(497,385)	(922,144)
	25,044,533	25,610,185
Other receivables	1,945,253	1,676,073
Less: ECL allowance	–	–
	1,945,253	1,676,073
	120,233,466	101,149,271

The directors of the Group consider that the fair values of trade and other receivables are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

25. TRADE AND OTHER RECEIVABLES (Cont'd)

The Group allows a credit period up to the respective settlement dates for securities transactions (normally two business days after the respective trade date for cash clients). Each secured margin client has a credit limit.

At 31 March 2021, trade receivables from cash clients and secured margin clients of HK\$1,801,648 (2020: HK\$4,902,505) were due from the key management personnel.

Trade receivables of manufacturing and distribution of plastic packaging materials fall into the general credit term ranged from 0–90 days except for a credit period mutually agreed between the Group and the customers.

The Group's trading terms with hotel room guests are requested to settle all outstanding balances before they check out and mainly settled by cash and credit card. The settlement terms of credit card companies are usually 7 days after the credit card transaction date.

The Group's trading terms with certain of the corporate customers in relation to the provision of hotel and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days.

Normally, upon check-in, the Group will request its room guests for cash deposit or credit card debit authorisation. Other than that, the Group does not obtain any other collateral from its room guests.

Aging analysis

The following is an aging analysis of trade receivables of the Group arose from sales of goods and leasing/hotel operation, presented based on the invoice date, which approximates the respective revenue recognition dates and net of ECL allowance:

	2021	2020
0–30 days	11,750,838	12,243,136
31–60 days	4,501,644	5,275,563
61–90 days	5,712,353	3,295,628
91–120 days	2,007,958	2,811,533
121–365 days	1,031,983	1,960,080
Over 365 days	39,757	24,245
	25,044,533	25,610,185

Margin loans due from margin clients are repayable on demand. Margin loans are required to be secured by clients' listed securities held by the Group as collateral and bear interest at 8.5% for the year ended 31 March 2021 (2020: 8.5%). The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. At 31 March 2021, the total market value of securities pledged as collateral by the customers in respect of the loans to margin clients was HK\$192,255,409 (2020: HK\$134,455,117).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

25. TRADE AND OTHER RECEIVABLES (Cont'd)

Aging analysis (Cont'd)

No aging analysis of receivables from cash clients and loans to margin clients is disclosed as in the opinion of the directors, the aging analysis does not give additional value in view of the nature of business.

Movement in ECL allowance of trade receivables

The movement in the ECL allowance of trade receivables is as follows:

	2021	2020
At 1 April	(3,086,202)	(2,668,197)
ECL allowance recognised during the year	–	(930,253)
ECL allowance reversed during the year	2,557,668	118,253
Amount written off during the year	–	393,995
At 31 March	(528,534)	(3,086,202)

Movement in ECL allowance of other receivables

The movement in the ECL allowance of other receivables is as follows:

	2021	2020
At 1 April	–	(24,777)
ECL allowance reversed during the year	–	24,777
At 31 March	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

26. DEPOSITS AND PREPAYMENTS

	2021	2020
Refundable investment deposit (<i>note</i>)	17,895,490	15,000,000
Utility and other deposits	1,822,040	2,115,106
Purchase deposits to suppliers	1,135,227	1,101,196
Prepayments	2,605,067	3,252,636
Stamp duty deposits to the Stock Exchange	250,000	250,000
Others	–	6,411
	23,707,824	21,725,349
Less: non-current portion		
Refundable investment deposit	(17,895,490)	(15,000,000)
Current portion	5,812,334	6,725,349

Note:

Investment deposits were paid for potential investments in the PRC. The investment deposit paid during the year ended 31 March 2020 was transferred to financial asset at FVOCI (non-recycling) (note 22) during the year ended 31 March 2021.

27. RESTRICTED CASH

	2021	2020
Restricted deposits held at banks	4,100,000	4,100,000

The effective interest rates on bank deposits ranged from 0.14% p.a. to 0.55% p.a. (2020: 0.55% p.a.) and mature within 181 days (2020: 178 days).

The directors of the Group considered that the fair value of the short-term bank deposits is not materially different from their carrying amount because of the short maturity period on their inception.

At 31 March 2021 and 2020, restricted cash have been pledged to secure general banking facilities granted to the Group (note 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

28. FINANCIAL ASSETS AT FVTPL

	2021	2020
Listed securities:		
– Equity securities listed in Hong Kong	<u>22,502,500</u>	<u>6,066,000</u>

The fair value of the Group's investment in listed securities are determined with reference to quoted market closing prices.

At 31 March 2021, equity securities listed in Hong Kong with carrying amounts of HK\$16,442,500 (2020: HK\$6,066,000) have been pledged to secure general banking facilities granted to the Group (note 33).

29. TRUST ACCOUNTS OF SHARES DEALING CLIENTS

	2021	2020
Trust accounts	<u>91,918,726</u>	<u>75,827,361</u>

From the Group's ordinary business of securities and futures dealing, it receives and holds money for clients and other institutions in the course of conducting its regulated activities. These client's monies are maintained in one or more trust accounts. The Group has recognised the corresponding trade payables to respective clients and other institutions.

Trust accounts earn interests at floating rates based on daily bank deposit rates and are placed with creditworthy banks with no recent history of default.

30. CASH AND CASH EQUIVALENTS

	2021	2020
Cash at bank and in hand	<u>159,575,769</u>	<u>103,372,537</u>

Included in cash at bank and in hand of the Group is HK\$33,477,551 (2020: HK\$13,017,530) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

31. TRADE AND OTHER PAYABLES

The Group's trade payables arose from (i) hotel operation, (ii) manufacturing and distribution of plastic packaging materials, and (iii) broking and securities margin financing.

	2021	2020
Trade payables to:		
– Clearing house and cash clients	87,390,567	76,581,417
– Secured margin clients	14,394,416	6,480,378
– Other creditors	9,807,823	5,767,433
	111,592,806	88,829,228
Accrued salaries	7,768,866	6,924,536
Accrued employee benefits	2,097,829	1,944,653
Other accrued expenses	9,483,859	8,127,584
Rental deposits received	2,830,025	5,636,323
Advanced payment received from tenants	608,887	1,117,434
	22,789,466	23,750,530
	134,382,272	112,579,758

Trade payables to other creditors represents trade payables in respect of purchases of materials and supplies.

The credit period granted by other creditors is generally within 30 days. The following is an aging analysis of trade payables to other creditors based on invoice dates:

	2021	2020
0–30 days	8,167,881	3,193,297
31–60 days	1,055,470	848,052
61–90 days	–	754,505
91–120 days	–	171,754
121–365 days	–	251,322
Over 365 days	584,472	548,503
	9,807,823	5,767,433

All amounts are short term and hence the carrying values of the Group's trade and other payable are considered to be a reasonable approximation of fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

32. CONTRACT LIABILITIES

	2021	2020
Deposit received from customers for sales of plastic packaging materials	1,421,221	1,751,353
Deposit received from customers for hotel operation	–	113,814
	<u>1,421,221</u>	<u>1,865,167</u>

When the Group receives a deposit before the control of the plastic packaging materials are passed to the customers, this will give rise to contract liabilities until the control of the plastic packaging materials are passed to the customers and revenue of the respective contracts are recognised.

Deposits received from customer for hotel operation mainly comprise deposits received in advance from customers.

The significant decrease of contract liabilities as at 31 March 2021 is mainly due to the decrease in the deposits received as a result of lesser manufacturing orders of plastic packaging materials during the year and temporary suspension of hotel operation business in Hong Kong from 1 June 2021 for alteration and addition works. The significant decrease of contract liabilities as at 31 March 2020 is mainly due to the decrease in the deposits received as a result of lesser manufacturing orders of plastic packaging materials during the year.

Contract liabilities outstanding at the beginning of the year amounting to HK\$1,865,167 (2020: HK\$2,187,401) has been recognised as revenue during the year.

33. BANK LOANS

	2021	2020
Secured bank loans	<u>275,149,033</u>	<u>359,094,466</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

33. BANK LOANS (Cont'd)

At 31 March 2021 and 2020, the Group's bank loans were repayable as follows:

	2021	2020
Carrying amounts repayable (<i>note</i>)		
Within one year	88,208,735	163,067,258
In the second year	168,279,061	8,567,258
In the third to fifth year	–	169,354,630
After fifth year	–	298,769
	256,487,796	341,287,915
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	18,661,237	17,806,551
	275,149,033	359,094,466
Less: Amounts shown under current liabilities	(106,869,971)	(180,873,809)
Amounts shown under non-current liabilities	168,279,062	178,220,657

Note: The amounts are based on the scheduled repayment dates set out in the loan agreements.

Bank loans bear interest rate at rates ranging from 1.44% to 4.21% (2020: 2.15% to 4.14%) per annum.

The secured bank loans were guaranteed by the Group's subsidiaries and secured by the Group's assets as follows:

	<i>Notes</i>	2021	2020
Property, plant and equipment	16	82,817,876	88,334,178
Investment properties	18	362,080,000	384,510,000
Restricted cash	27	4,100,000	4,100,000
Financial assets at FVTPL	28	16,442,500	6,066,000
		465,440,376	483,010,178

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

34. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2021	2020
Total minimum lease payments:		
Due within one year	1,012,500	1,012,500
Future finance charges on lease liabilities	(6,796)	(14,280)
Present value of lease liabilities	<u>1,005,704</u>	<u>998,220</u>

	2021	2020
Present value of minimum lease payments:		
Due within one year	1,005,704	998,220
Less: Portion due within one year included under current liabilities	(1,005,704)	(998,220)
Portion due after one year included under non-current liabilities	<u>-</u>	<u>-</u>

As at 31 March 2021 and 2020, lease liabilities are effectively secured by the related underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

During the year ended 31 March 2021, the total cash outflows to a related company, Sonliet Realty Company Limited, a company controlled by Mr. Chua Nai Tuen for the leases are HK\$1,350,000 (2020: HK\$1,350,000).

As at 31 March 2021 and 2020, the Group has entered into lease for warehouse.

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of lease	Range of remaining lease term	Particulars
Warehouse	Buildings in "Right-of-use assets"	1 (2020: 1)	1 year (2020: 1 years)	Only subject to monthly fixed rental payment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

35. AMOUNT DUE TO AN ASSOCIATE

The amount due to an associate is unsecured, interest-free and repayable on demand.

36. AMOUNT DUE TO A NCI

The amount due to a NCI is unsecured, interest-free and not repayable within the next 12 months from the reporting date.

37. DEFERRED TAX

The movement during the year in the deferred tax liabilities/(assets) is as follows:

	2021	2020
At 1 April	8,660,382	8,634,003
Recognised in profit or loss (<i>Note 9</i>)	1,858,672	26,379
At 31 March	10,519,054	8,660,382

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax assets

	Accelerated tax depreciation	Tax loss	Allowance for credit loss	Total
At 1 April 2019	38,823	1,479,284	379,575	1,897,682
(Credit)/Charge to profit or loss	(4,278)	523,019	67,661	586,402
At 31 March 2020	34,545	2,002,303	447,236	2,484,084
(Credit)/Charge to profit or loss	(3,770)	598,168	(406,700)	187,698
At 31 March 2021	30,775	2,600,471	40,536	2,671,782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

37. DEFERRED TAX (Cont'd)

Deferred tax liabilities

	Accelerated tax depreciation	Revaluation of investment properties	Others	Total
At 1 April 2019	8,181,581	2,076,316	273,788	10,531,685
Charge/(Credit) to profit or loss	694,780	(81,999)	–	612,781
At 31 March 2020	8,876,361	1,994,317	273,788	11,144,466
Charge to profit or loss	699,147	1,347,223	–	2,046,370
At 31 March 2021	9,575,508	3,341,540	273,788	13,190,836

The amounts recognised in the consolidated statement of financial position are as follows:

	2021	2020
Deferred tax assets	(2,671,782)	(2,484,084)
Deferred tax liabilities	13,190,836	11,144,466
	10,519,054	8,660,382

The Group has unrecognised tax losses arising in Hong Kong and the PRC of HK\$19,198,094 (2020: HK\$20,973,500) and HK\$3,565,112 (2020: HK\$2,563,860) respectively to carry forward against future taxable income. These tax losses do not expire under current legislation except for the tax losses arising in the PRC that will be expired in one to five years for offsetting against future taxable profits.

38. SHARE CAPITAL

	2021		2020	
	Number of shares	HK\$	Number of shares	HK\$
Issued and fully paid	225,420,034	245,062,941	225,420,034	245,062,941

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021	2020
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	152,843	302,694
Investment property	4,581,120	3,721,017
Interests in subsidiaries	56,016,384	53,642,387
Interest in an associate	–	–
	<u>60,750,347</u>	<u>57,666,098</u>
Current assets		
Trade and other receivables	594,518	203,204
Deposits and prepayments	474,613	507,831
Amounts due from subsidiaries	721,652,770	714,738,180
Cash and cash equivalents	1,417,885	574,126
	<u>724,139,786</u>	<u>716,023,341</u>
Current liabilities		
Trade and other payables	2,313,225	2,108,240
Amounts due to subsidiaries	232,558,464	218,365,839
Amount due to an associate	666,695	1,018,497
	<u>235,538,384</u>	<u>221,492,576</u>
Net current assets	<u>488,601,402</u>	<u>494,530,765</u>
Net assets	<u>549,351,749</u>	<u>552,196,863</u>
EQUITY		
Share capital	245,062,941	245,062,941
Retained profits (<i>Note</i>)	304,288,808	307,133,922
Total equity	<u>549,351,749</u>	<u>552,196,863</u>

Chua Nai Tuen
Director

Nelson Junior Chua
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Cont'd)

Note:

At 1 April 2019	318,776,830
Loss and total comprehensive expense for the year	(4,880,307)
Dividends paid (<i>note 11</i>)	<u>(6,762,601)</u>
At 31 March 2020 and at 1 April 2020	<u>307,133,922</u>
Profit and total comprehensive income for the year	3,917,487
Dividends paid (<i>note 11</i>)	<u>(6,762,601)</u>
At 31 March 2021	<u><u>304,288,808</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

40. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2021	2020
Profit/(Loss) before income tax	17,322,579	(178,915,242)
Adjustments for:		
Loss arising from change in fair value of investment properties	47,586,253	185,677,089
(Gain)/Loss arising from financial assets at FVTPL	(1,034,431)	1,608,708
Share of results of associates	3,397,622	300,953
Dividend income from listed equity securities	(581,943)	(384,873)
Bad debt recovered	(92,450)	(4,000)
Bad debt written off	146,281	34,359
Write-off of property, plant and equipment	11,194,022	9,668
Write-down of stock of property	–	8,703,500
Interest income	(1,442,425)	(350,980)
Finance costs	7,292,699	12,530,188
Impairment loss recognised in respect of amount due from an associate	1,782,976	3,371,462
Provision for ECL allowance of trade and other receivables	–	930,253
Reversal of ECL allowance of trade and other receivables	(2,581,571)	(143,030)
Depreciation of property, plant and equipment	10,616,413	12,835,583
Depreciation of right-of-use assets	1,799,785	1,788,212
Loss on disposal of property, plant and equipment	355,325	–
Gain on disposal of subsidiaries	(53,407,082)	–
Operating cash flows before changes in working capital	42,354,053	47,991,850
Increase in other assets	(262,454)	–
(Increase)/Decrease in inventories	(3,578,136)	10,485,599
(Increase)/Decrease in trade and other receivables	(16,349,077)	51,032,431
(Increase)/Decrease in financial assets at FVTPL	(15,402,069)	1,208,292
Decrease/(Increase) in deposits and prepayments	1,002,773	(9,240,851)
Increase in stock of property	(2,592,918)	(2,703,500)
(Increase)/Decrease in trust accounts of shares dealing clients	(16,091,365)	2,538,329
Increase/(Decrease) in trade and other payables	20,827,208	(23,553,965)
Decrease in contract liabilities	(443,945)	(772,145)
Cash generated from operations	9,464,070	76,986,040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

41. LEASE COMMITMENTS

As lessor

At 31 March 2021 and 2020, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings as follows:

	2021	2020
Within one year	7,148,349	11,428,201
After 1 year but within 2 years	1,424,634	3,216,850
After 2 year but within 3 years	63,200	587,290
	8,636,183	15,232,341

The Group leases its investment properties (note 18) under operating lease arrangements which run for an initial period of one month to three years (2020: one month to three years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. The terms of the leases generally also require the tenants to pay security deposits.

42. CAPITAL COMMITMENTS

	2021	2020
Authorised, contracted but not provided for:		
– Property, plant and equipment	459,813	220,997
– Development expenditure of properties	11,655,037	3,432,317
	12,114,850	3,653,314

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For the year ended 31 March 2021 (in HK Dollars)

43. DISPOSAL OF SUBSIDIARIES

On 25 January 2021, the Group disposed its entire interest in a direct wholly-owned subsidiary, Nan Sing Investment Limited (“NSI”), together with a wholly-owned subsidiary of NSI, Nan Sing Realty Company Limited to an independent third party at a cash consideration of HK\$179,825,621, which was settled in January 2021.

Analysis of assets and liabilities over which control was lost:

Stock of property (<i>Note 23</i>)	126,592,918
Deposits and prepayments	48,118
Other payables	(6,499)
Amounts due to the companies of the Group	(103,218,010)
Tax payables	(215,998)
	<hr/>
Net assets disposed of	<u>23,200,529</u>

Gain on disposal of subsidiaries:

Consideration received	179,825,621
Amounts due to the companies of the Group	(103,218,010)
Net assets disposed of	(23,200,529)
	<hr/>

Gain on disposal	<u>53,407,082</u>
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Net cash inflow on disposal of subsidiaries:

Consideration received in cash and cash equivalents	179,825,621
Less: cash and cash equivalents disposed of	—
	<hr/>
	<u>179,825,621</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

44. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following material transactions with related parties at normal commercial terms:

	2021	2020
Income received from key management personnel		
– Brokerage commission income	186,961	103,254
– Interest income received	329,309	908,793
Expenses paid to a related company		
– Consultation fee	1,771,941	1,927,600
Key management remuneration (excluding directors' remuneration)		
– Wages, salaries and allowances	6,586,376	5,689,713
– Retirement benefit scheme contributions	97,135	108,183

45. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2021, additions to financial asset at FVOCI (non-recycling) of HK\$15,000,000 was settled by deposits paid during the year ended 31 March 2020.

During the year ended 31 March 2021, the Group extended an existing lease contract in which modifications to right-of-use asset and lease liability amounting to HK\$1,340,041 (2020: Nil) was recognised at the lease commencement date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

46. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Dividend payable	Interest payable	Other finance costs payable	Lease liabilities	Bank loans	Amount due to a NCI	Amount due to an associate	Total
At 1 April 2019	-	384,399	-	-	388,977,423	3,110,000	1,158,234	393,630,056
Non-cash:								
- Finance costs (note 8)	-	12,094,084	383,353	52,751	-	-	-	12,530,188
- Dividend declared (note 11)	6,762,601	-	-	-	-	-	-	6,762,601
- Impact on initial application of HKFRS 16	-	-	-	2,295,469	-	-	-	2,295,469
Cash flows:								
- Inflow from financing activities	-	-	-	-	1,920,000,000	-	-	1,920,000,000
- Outflow from financing activities	(6,762,601)	(12,078,888)	(383,353)	(1,350,000)	(1,949,882,957)	-	(139,737)	(1,970,597,536)
At 31 March 2020 and at 1 April 2020	-	399,595	-	998,220	359,094,466	3,110,000	1,018,497	364,620,778
Non-cash:								
- Finance costs (note 8)	-	6,897,387	377,869	17,443	-	-	-	7,292,699
- Dividend declared (note 11)	6,762,601	-	-	-	-	-	-	6,762,601
- Lease modification	-	-	-	1,340,041	-	-	-	1,340,041
Cash flows:								
- Inflow from financing activities	-	-	-	-	1,554,500,000	60,000	-	1,554,560,000
- Outflow from financing activities	(6,762,601)	(6,938,444)	(377,869)	(1,350,000)	(1,638,445,433)	-	(351,802)	(1,654,226,149)
At 31 March 2021	-	358,538	-	1,005,704	275,149,033	3,170,000	666,695	280,349,970

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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

47.1 Categories of financial instruments

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2021	2020
Financial assets		
<i>Financial assets at FVTPL</i>	22,502,500	6,066,000
<i>Financial asset at FVOCI (non-recycling)</i>	15,000,000	–
<i>Financial assets at amortised cost</i>		
Other assets	2,962,454	2,700,000
Trade and other receivables	120,233,466	101,149,271
Deposits	21,102,757	18,472,713
Restricted cash	4,100,000	4,100,000
Trust accounts of shares dealing clients	91,918,726	75,827,361
Cash and cash equivalents	159,575,769	103,372,537
	437,395,672	311,687,882
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	133,773,385	111,462,324
Bank loans	275,149,033	359,094,466
Amount due to an associate	666,695	1,018,497
Lease liabilities	1,005,704	998,220
Amounts due to a NCI	3,170,000	3,110,000
	413,764,817	475,683,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.2 Foreign currency risk

The Group operates in Hong Kong and PRC and majority of transactions are denominated in HK\$, United States dollar (“US\$”) and Renminbi (“RMB”). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the Group entities.

The Group currently does not have a foreign currency hedge policy. In order to mitigate the foreign currency risk, management closely monitors such risks and will consider hedging significant foreign currency exposure should the need arise.

The Group is not exposed to significant foreign exchange risk in respect of HK\$ against the US\$ as long as this currency is pegged.

47.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk related primarily to variable rate bank loans. The Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting date. The analysis is prepared assuming the financial instruments outstanding at the reporting date were outstanding for the whole year. A 25 basis points (2020: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of a reasonably possible change in interest rates.

If interest rates had been 25 basis points (2020: 25 basis points) higher/lower and all other variables were held constant, the Group’s post-tax profit for the year ended 31 March 2021 would decrease/increase by HK\$574,374 (2020: post-tax loss for the year ended 31 March 2020 would increase/decrease by HK\$749,610). This is mainly attributable to the Group’s interest rates on its variable rate bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.4 Equity price risk

The Group is exposed to equity price risk arising from equity investments classified as financial assets at FVTPL which are measured at fair value at the reporting date. The directors manage the exposure by maintaining a portfolio of securities with different risk class and monitor the performance regularly. In addition, the directors will monitor the price risk and consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below presents the effects on the Group's post-tax profit/loss for the year and equity as a result of a change in equity price, assuming the change had occurred at the reporting date and had been applied to the exposure to the equity price for the relevant financial instruments in existence at that date. The changes in equity price represent management's assessment of a reasonably possible change in equity price at that date over the period until the next annual reporting date.

	Increase/ (Decrease) in post-tax profit 2021	Decrease/ (Increase) in profit-tax loss 2020	Increase/(Decrease) in equity	
			2021	2020
10% increase in market price	1,878,959	506,511	1,878,959	506,511
10% decrease in market price	(1,878,959)	(506,511)	(1,878,959)	(506,511)

47.5 Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, other assets, deposits, restricted cash, trust accounts of shares dealing clients and cash and cash equivalents. The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.5 Credit risk (Cont'd)

In respect of amounts due from cash and margin clients, individual credit evaluations are performed on all clients (including cash and margin clients). Cash clients are required to place deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Receivables due from cash clients are due within the settlement period commonly adopted in the relevant market practices, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the amounts due from cash clients is considered relatively low. The Group normally obtains liquid securities and/or cash deposits as collateral for providing margin financing to its clients. Margin loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral and margin deposits of each margin account and futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

Trade receivables of the Group from other customers consist of a large number of customers, spread across diverse industries and geographical areas.

The Group's policy to manage credit risk is to deal only with credit worthy counterparties. In order to minimise the credit risk, management of the Group has formulated a credit policy and, delegated a team responsible for determination of credit limits credit approvals and other monitoring procedures to ensure that follow-up action is take.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and consider information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group does not obtain collateral from customers other than amounts due from margin clients.

Except for trade receivables with the amounts of HK\$93,519,962 (2020: HK\$76,925,824) are assessed individually, the Group performed impairment assessment for trade receivables equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.5 Credit risk (Cont'd)

Measurement of ECL on collective basis

The following table provides information about the Group's exposure to credit risk for trade receivables from sales of goods which are assessed based on provision matrix at 31 March 2021 and 2020:

	Average expected loss rate	Gross carrying amounts	Loss allowance
2021			
Neither yet past due nor impaired	0.36%	11,685,646	42,289
1–30 days past due	0.34%	4,443,985	15,253
31–60 days past due	0.91%	5,764,530	52,443
61–90 days past due	1.39%	2,034,532	28,202
91–120 days past due	7.12%	1,111,090	79,141
Over 120 days past due	100.00%	257,002	257,002
		<u>25,296,785</u>	<u>474,330</u>
2020			
Neither yet past due nor impaired	0.06%	13,724,387	8,542
1–30 days past due	0.04%	6,084,288	2,130
31–60 days past due	0.40%	1,688,588	6,777
61–90 days past due	1.58%	1,779,586	28,159
91–120 days past due	1.22%	1,521,765	18,519
Over 120 days past due	100.00%	834,962	834,962
		<u>25,633,576</u>	<u>899,089</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.5 Credit risk (Cont'd)

Measurement of ECL on collective basis (Cont'd)

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

In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment arising from COVID-19.

Measurement of ECL on individual basis

At 31 March 2021, trade receivables with the amounts of HK\$93,519,962 (2020: HK\$76,925,824) in relation to property investment, development and leasing/hotel operation and broking and securities margin financing operation were performed impairment assessment on individual basis. The following table presents the balances of gross carrying amounts and the loss allowance in respect of the individually assessed trade receivables at 31 March 2021 and 2020:

2021

	Gross carrying amounts	Loss allowance
Property investment, development and leasing/hotel operation	245,133	23,055
Broking and securities margin financing operations	93,274,829	31,149
	<u>93,519,962</u>	<u>54,204</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.5 Credit risk (Cont'd)

Measurement of ECL on individual basis (Cont'd)

2020

	Gross carrying amounts	Loss allowance
Property investment, development and leasing/hotel operation	898,753	23,055
Broking and securities margin financing operations	76,027,071	2,164,058
	<u>76,925,824</u>	<u>2,187,113</u>

For the purpose of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

The management is of opinion that there is no significant increase in credit risk on other receivables, deposits and other assets since initial recognition as the risk of default is low after considering the factors as set out in note 2.9 and, thus, ECL recognised is based on 12-month ECL.

The Group deposited its restricted cash, trust accounts of shares dealing clients and cash and cash equivalents with approved and reputable banks. Bankruptcy or insolvency of the banks may cause the Group's right with respect to restricted cash, trust accounts of shares dealing clients and cash and cash equivalents held to be delayed or limited. The directors monitor the credit rating of these banks on an ongoing basis, and consider that the Group's exposure to credit risk were minimal.

The Group do not have any other significant concentrations of credit risk.

47.6 Liquidity risk

The Group is exposed to liquidity risk on financial liabilities. The directors adopt a prudent policy to maintain a sufficient level of cash and cash equivalents and financial assets to meet continuous operational need. Various banking facilities and credit lines have also been arranged with different banks in order to fund any liquidity requirements in the short term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.6 Liquidity risk (Cont'd)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest period in which the Group is committed to pay.

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount
2021						
Non-derivative financial liabilities						
Trade and other payables	133,773,385	-	-	-	133,773,385	133,773,385
Bank loans (<i>Note</i>)	109,046,948	168,279,061	-	-	277,326,009	275,149,033
Amount due to an associate	666,695	-	-	-	666,695	666,695
Lease liabilities	1,012,541	-	-	-	1,012,541	1,005,704
Amounts due to a NCI	3,170,000	-	-	-	3,170,000	3,170,000
	<u>247,669,569</u>	<u>168,279,061</u>	<u>-</u>	<u>-</u>	<u>415,948,630</u>	<u>413,764,817</u>
2020						
Non-derivative financial liabilities						
Trade and other payables	111,462,324	-	-	-	111,462,324	111,462,324
Bank loans (<i>Note</i>)	191,123,457	14,917,593	172,502,697	359,793	378,903,540	359,094,466
Amount due to an associate	1,018,497	-	-	-	1,018,497	1,018,497
Lease liabilities	1,012,500	-	-	-	1,012,500	998,220
Amounts due to a NCI	-	3,110,000	-	-	3,110,000	3,110,000
	<u>304,616,778</u>	<u>18,027,593</u>	<u>172,502,697</u>	<u>359,793</u>	<u>495,506,861</u>	<u>475,683,507</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.6 Liquidity risk (Cont'd)

Note: Bank loans with a repayable on demand clause are included in the “within 1 year or on demand” time band in the above maturity analysis. At 31 March 2021, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$20,817,187 (2020: HK\$21,349,470). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount
2021						
Non-derivative financial liabilities						
Bank loans	<u>1,534,254</u>	<u>1,534,255</u>	<u>4,573,424</u>	<u>13,175,254</u>	<u>20,817,187</u>	<u>18,661,237</u>
2020						
Non-derivative financial liabilities						
Bank loans	<u>1,231,594</u>	<u>1,231,594</u>	<u>3,694,781</u>	<u>15,191,501</u>	<u>21,349,470</u>	<u>17,806,551</u>

47.7 Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

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

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.7 Fair value measurements of financial instruments (Cont'd)

The financial assets and liabilities measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
2021				
Financial assets				
<i>Financial assets at FVTPL</i>				
– Listed equity securities	22,502,500	–	–	22,502,500
<i>Financial asset at FVOCI (non-recycling)</i>				
– Unlisted equity investment	–	–	15,000,000	15,000,000
	<u>22,502,500</u>	<u>–</u>	<u>15,000,000</u>	<u>37,502,500</u>
2020				
Financial assets				
<i>Financial assets at FVTPL</i>				
– Listed equity securities	6,066,000	–	–	6,066,000

There were not transfer between Level 1 and Level 2 during the years ended 31 March 2021 and 2020.

The methods and valuation techniques used for the purpose of measuring fair values categorised in Level 3 are described below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

47. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Cont'd)

47.7 Fair value measurements of financial instruments (Cont'd)

Unlisted equity investment (Level 3)

The unlisted equity investment represents investment in a private equity fund. The Group determines the fair value at the reporting date based on the net assets value of the private equity fund with underlying assets and liabilities measured at fair value as reported by the general partners of the fund.

The information about the fair value of unlisted equity investment under Level 3 fair value hierarchy are described below:

2021

	Valuation technique	Unobservable input	Range of inputs	Total
Unlisted equity investment	Net asset value (Note)	N/A as quantitative unobservable inputs are not developed by the Group	N/A	N/A

Note: The Group determines the fair valuation of its private equity fund investments as at the reporting date based on the net asset values of the private equity funds with underlying assets and liabilities measured at fair value as reported by the general partners of the funds.

The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	2021	2020
Fair value at 1 April	–	–
Acquisitions	15,000,000	–
Fair value at 31 March	15,000,000	–

Fair value gain on unlisted equity investment is recognised in other comprehensive income and included under "Fair value reserve (non-recycling)".

There were no transfers into or out of Level 3 during the year ended 31 March 2021 (2020: Nil).

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48. CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to maintain the Group's ability to continue operating as a going concern and to preserve healthy capital structure ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, issue of new shares, repurchase of existing shares as well as issue of new debt or redemption of existing debt. The Group's overall strategy remains unchanged from prior years.

The Group monitors capital on the basis of net debt to equity ratio. For this purpose net debt is defined as total debts (which includes bank loans and lease liabilities) less cash and cash equivalents and restricted cash. The Group's policy is to keep the net debt to equity ratio at a reasonable level.

The Group is not subject to any external imposed capital requirements, except for certain subsidiaries of the Group licensed by the Securities and Futures Commission are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules at all times.

The net debt to equity ratio at the reporting date are as follows:

	2021	2020
Total debts	276,154,737	360,092,686
Less:		
Restricted cash	(4,100,000)	(4,100,000)
Cash and cash equivalents	(159,575,769)	(103,372,537)
Net debt	112,478,968	252,620,149
Equity attributable to owners of the Company	1,038,005,257	1,028,985,825
Net debt to equity ratio	11%	25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

49. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31 March 2021 and 2020 are as follows:

Name of company	Country/Place of incorporation/ operations and business	Class of shares/ registered capital	Issued and fully paid share capital/ registered capital	Percentage of ownership interest and voting power held by the Company		Principal activities
				2021	2020	
				%	%	
Always Best Company Limited	British Virgin Islands/ PRC	Ordinary	US\$1	95	95	Trading of plastic products
Dongguan Nan Sing Plastics Limited [#]	PRC	Registered	HK\$160,000,000	95	95	Manufacture of plastic products
Dongguan Nanryo Super Plastics Limited	PRC	Registered	HK\$20,000,000	95	95	Manufacture of plastic products
Hotel Benito Management Limited	Hong Kong	Ordinary	HK\$100,990	100*	100*	Hotel operation
K.W. & Associates Company Limited	Hong Kong	Ordinary	HK\$2,000,000	100*	100*	Property investment
More Investments Limited	Hong Kong	Ordinary	HK\$3	100*	100*	Property investment
Nan Sing Plastics Limited ("Nan Sing Plastics")	Hong Kong	Ordinary	HK\$15,000,000	95	95	Trading of plastic products
Nan Sing Realty Company Limited	Hong Kong	Ordinary	HK\$100	Nil**	95	Property investment
Nan Sing Warehouse Limited	Hong Kong	Ordinary	HK\$100,000	95	95	Warehouse and sales of scrap plastic materials
Nanryo Super Plastics (Hong Kong) Limited	Hong Kong	Ordinary	HK\$19,500,000	95	95	Trading of plastic products
Nice Profit Hong Kong Investment Limited	Hong Kong	Ordinary	HK\$100	50*	50*	Property investment
SAP Realty Company Limited	Hong Kong	Ordinary	HK\$100,100	100*	100*	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

49. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of company	Country/Place of incorporation/ operations and business	Class of shares/ registered capital	Issued and fully paid share capital/ registered capital	Percentage of ownership interest and voting power held by the Company		Principal activities
				2021	2020	
				%	%	
Southeast Asia Properties & Finance (China) Limited	Hong Kong/PRC	Ordinary	HK\$2	100*	100*	Property investment and development
Stockwell Securities Limited	Hong Kong	Ordinary	HK\$30,000,000	100*	100*	Stock broking
Stockwell Commodities Limited	Hong Kong	Ordinary	HK\$15,000,000	100*	100*	Commodities dealing
Strong Bright Technology Limited	Hong Kong	Ordinary	HK\$10,000	100	100	Property investment
Tanpar Company Limited	Hong Kong	Ordinary	HK\$100	95	95	Trading and Nominee
Top Epoch Limited	Hong Kong	Ordinary	HK\$1	100*	100*	Property investment
Tsen Hsin Industrial Company Limited	Hong Kong	Ordinary	HK\$400,000	95	95	Property investment
Workcave Limited	Hong Kong	Ordinary	HK\$1	100*	100*	Co-working space operation

* Issued capital held directly by the Company.

** Disposed during the year ended 31 March 2021. See details in note 43.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021 (in HK Dollars)

49. PRINCIPAL SUBSIDIARIES (Cont'd)

The following table lists out the information relating to Nan Sing Plastics, a subsidiary of the Company with material NCI. The details and the summarised financial information, before intra-group eliminations, are as follows:

	2021	2020
Proportion of ownership interests and voting rights held by the NCI	4.64%	4.64%
Current assets	393,499,613	414,866,007
Non-current assets	2,549,547	8,452,656
Current liabilities	<u>(208,220,162)</u>	<u>(331,878,319)</u>
Net assets	<u>187,828,998</u>	<u>91,440,344</u>
Carrying amount of NCI	<u>8,715,266</u>	<u>4,242,832</u>
Revenue	362,853,513	327,280,907
Expenses	<u>(266,464,858)</u>	<u>(310,136,523)</u>
Profit and total comprehensive income for the year	<u>96,388,655</u>	<u>17,144,384</u>
Profit and total comprehensive income attributable to NCI	<u>4,472,434</u>	<u>795,499</u>
Dividend paid to NCI	–	–
Net cash generated from operating activities	24,884,123	17,976,751
Net cash generated from/(used in) investing activities	165,668,065	(21,470,893)
Net cash (used in)/generated from financing activities	<u>(155,331,729)</u>	<u>7,075,239</u>
Net increase in cash and cash equivalents	<u><u>35,220,459</u></u>	<u><u>3,581,097</u></u>

Except for Nan Sing Plastics, the directors consider that the NCI of other non-wholly owned subsidiaries during the years ended 31 March 2021 and 2020 were insignificant to the Group and thus are not separately presented in these consolidated financial statements.

SUMMARY OF PROPERTIES HELD FOR INVESTMENT

For the year ended 31 March 2021 (in HK Dollars)

Location	Existing Use	Category of lease term
(1) Shops, G/F, 7-7B, Cameron Road, Tsimshatsui, Kowloon	Commercial	Medium-term lease
(2) 9/F, Chan Shan Building, Dong Men Nan Road, Shenzhen, PRC	Commercial	Medium-term lease
(3) Flat C & D, 2/F., Block 2, Kwai Tak Industrial Centre, Kwai Chung, New Territories	Industrial	Medium-term lease
(4) Flat 15E Tower 1, Ming Yue Hua Yuan, Yitian Road, Futian Shenzhen, PRC	Residential	Medium-term lease
(5) Everglory Centre, No. 1B Kimberly Street, Tsimshatsui Kowloon	Commercial	Medium-term lease
(6) Unit 1902, 19/F., Star House, 3 Salisbury Road, Kowloon	Commercial	Long-term lease
(7) Nan Sing Building Town Centre Zhangmutou Dongguan PRC	Residential/ Commercial	Medium-term lease
(8) No. 1 Lei Muk Road, Kwai Chung, New Territories, Hong Kong	Open Space	Medium-term lease



SUMMARY OF PROPERTY UNDER DEVELOPMENT

For the year ended 31 March 2021 (in HK Dollars)

Location	Intended usage	Category of lease term	Group's interest
(1) 7-7B Cameron Road, Tsimshatsui, Kowloon (except ground floor shops)	Commercial/ Hotel operation	Medium-term lease	100%

SUMMARY OF PROPERTIES HELD FOR OWN USE

For the year ended 31 March 2021 (in HK Dollars)

Location	Usage	Category of lease term	Group's interest
(1) Room 406–410, 4/F, Tower 2, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon	Commercial	Medium-term lease	100%
(2) 24, Essex Crescent, Kowloon Tong, Kowloon	Residential	Medium-term lease	100%
(3) Nan Sing Industrial Estate, Nan Shan Development Zone Zhangmutou, Dongguan, PRC	Industrial	Medium-term lease	95%
(4) Car Park Space No. 20 on G/F., Kwai Tak Industrial Centre, Kwai Chung, N.T.	Carpark	Medium-term lease	95%
(5) Nan Shan Development Zone Zhangmutou Dongguan PRC	Industrial	Medium-term lease	95%

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 March 2021 (in HK Dollars)

The consolidated results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements are as follows:

	2021	2020	2019	2018	2017
Results					
Revenue	<u>260,322,083</u>	<u>324,949,954</u>	<u>517,164,366</u>	<u>535,833,149</u>	<u>532,100,660</u>
Profit/(Loss) for the year attributable to:					
Owners of the Company	<u>6,266,111</u>	<u>(185,675,835)</u>	<u>(46,776,402)</u>	<u>65,660,616</u>	<u>95,807,428</u>
Non-controlling interests	<u>2,276,544</u>	<u>239,179</u>	<u>1,106,310</u>	<u>1,089,634</u>	<u>1,746,403</u>
	<u>8,542,655</u>	<u>(185,436,656)</u>	<u>(45,670,092)</u>	<u>66,750,250</u>	<u>97,553,831</u>
Assets and liabilities					
Total assets	<u>1,482,720,163</u>	<u>1,531,114,242</u>	<u>1,781,714,793</u>	<u>1,783,201,422</u>	<u>1,759,194,391</u>
Total liabilities	<u>(433,510,398)</u>	<u>(493,841,435)</u>	<u>(545,397,883)</u>	<u>(483,785,491)</u>	<u>(513,114,687)</u>
	<u>1,049,209,765</u>	<u>1,037,272,807</u>	<u>1,236,316,910</u>	<u>1,299,415,931</u>	<u>1,246,079,704</u>
Equity attributable to:					
Owners of the Company	<u>1,038,005,257</u>	<u>1,028,985,825</u>	<u>1,227,825,171</u>	<u>1,291,450,260</u>	<u>1,225,569,958</u>
Non-controlling interests	<u>11,204,508</u>	<u>8,286,982</u>	<u>8,491,739</u>	<u>7,965,671</u>	<u>20,509,746</u>
	<u>1,049,209,765</u>	<u>1,037,272,807</u>	<u>1,236,316,910</u>	<u>1,299,415,931</u>	<u>1,246,079,704</u>
EARNINGS/(LOSS) PER SHARE					
Basic and diluted	<u>2.8 cents</u>	<u>(82.4) cents</u>	<u>(20.8) cents</u>	<u>29.8 cents</u>	<u>44.1 cents</u>
DIVIDEND PER SHARE	<u>3 cents</u>	<u>3 cents</u>	<u>3 cents</u>	<u>3 cents</u>	<u>14.5 cents</u>