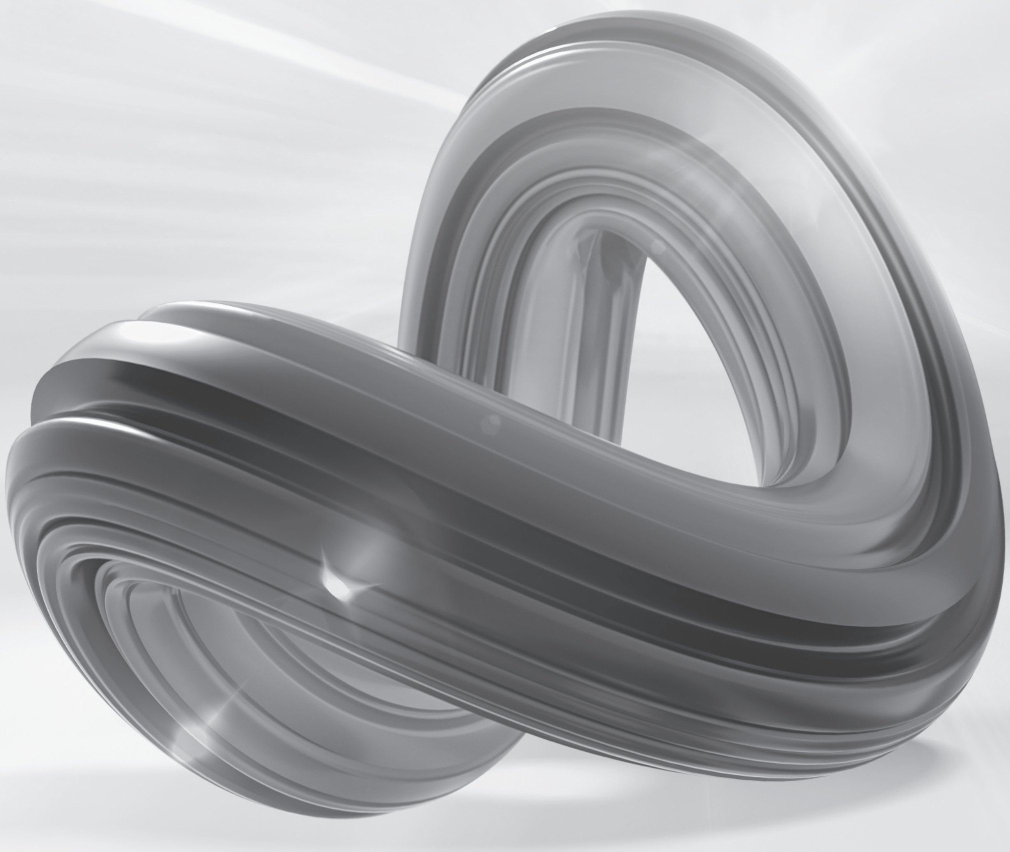
ANNUAL REPORT
2020/21

State Energy Group International Assets Holdings Limited
國能集團國際資產控股有限公司

(Incorporated in Bermuda with limited liability)
Stock Code : 918

CONTENTS



CORPORATE INFORMATION

DIRECTORS

Executive Directors:
Mr. Zhang Jinbing *(Chairman)*
Mr. Tian Wenxi
Mr. Wu Tingjun

Independent Non-executive Directors:
Mr. Chow Hiu Tung
Ms. Yang Yanli
Mr. Zhao Hangen

COMPANY SECRETARY

Ms. Lee Eva

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL OFFICE

Unit 13, 5/F, Tower 1
Harbour Centre
1 Hok Cheung Street
Hung Hom, Kowloon
Hong Kong

AUDITOR

KTC Partners CPA Limited
Room 617, 6/F
Seapower Tower
Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui East
Kowloon, Hong Kong

PRINCIPAL BANKERS

Bank of Communications
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Public Bank (Hong Kong)

SOLICITORS

Bermuda:
Conyers Dill & Pearman

Hong Kong:
WE Lawyers

SHARE REGISTRARS AND TRANSFER OFFICES

Bermuda:
MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

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

STOCK CODE

0918

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of State Energy Group International Assets Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), I hereby present the audited annual results of the year ended 31 March 2021 of the Group to our shareholders.

During the year ended 31 March 2021, the Group is continuing its principal business of sourcing, subcontracting and trading of garments (the "**Garment Business**") and property investment (the "**Property Investment Business**"). The Group has recorded a turnover of approximately HK$276.9 million, representing an increase of 31.7% as compared to that of approximately HK$210.2 million in 2020. The turnover of the Garment Business and the Property Investment Business are approximately HK$217.5 million and HK$4.1 million respectively, representing an increase of 12.0% and a increase of 5.1% from that of last year. The profit attributable to equity holders of the Company is HK$7.6 million, compared to HK$9.4 million last year. For the detailed overview of business, please refer to the "Management Discussion and Analysis" of this annual report.

Since 2020, leveraging on the experience of the marketing division of the Garment Business of the Group in promoting its licensed brands ACCAPI and Super X, the Group has commenced to offer marketing and promotional services at online and offline platforms for external customers and a related company (the "**Marketing and Promotional Services**"). The Company expanded its marketing division, targeting to provide services including market analysis, planning of marketing and promotional campaigns, new product launching, product development and market positioning, setting up and management of online shops, design of advertisements and promotional materials, product packaging designs, and displays of physical and online shops, etc. The marketing division is also engaged in organising events such as annual meetings, product launch or marketing conferences, roadshows and exhibitions for external customers. During the year ended 31 March 2021, with the efforts of the Group and a full financial year operation of the Marketing and Promotional Services business, this segment had seen a rapid growth with an increase in number of external customers and enhancement of market presence.

On behalf of the Board, I would like to express our utmost sincere gratitude towards our respectable business partners, clients and shareholders for their continuous support and trust and to thank our management team and all staff members for their hard work. Moving forward, the Group will be united as one and put our best foot forward in the face of future opportunities and challenges, and endeavor to optimise the return to our shareholders.

Zhang Jinbing
Chairman

Hong Kong, 9 June 2021

BIOGRAPHICAL DETAILS OF DIRECTORS

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhang Jinbing ("Mr. Zhang")

Mr. Zhang, aged 49, is the chairman and executive Director and was appointed as the chairman of remuneration committee and nomination committee of the Company since October 2018. He is also the controlling shareholder (as defined in the Rules Governing the Listing of Securities in The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) of the Company. Mr. Zhang graduated with a Bachelor of Arts degree from Guangzhou Foreign Language Institute in 1994. Mr. Zhang has extensive experience in corporate management. He has served as co-chairman of the board of directors and non-executive director of Apollo Future Mobility Group Limited ("**Apollo FMG**"), a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 860) for the period from 24 November 2017 to 19 March 2021. Prior to that, he was an executive director of Apollo FMG for the period from January 2015 to 23 November 2017 and also appointed as chairman in June 2015 until 23 November 2017. Mr Zhang is also an executive director and chairman of the board of Chong Kin Group Holdings Limited, a company listed on The Stock Exchange (stock code: 1609) since January 2018. He was an executive director of Synertone Communication Corporation, a company listed on the Stock Exchange (stock code: 1613), for the period from August 2012 to April 2014.

Mr. Tian Wenxi ("Mr. Tian")

Mr. Tian, aged 52, joined the Group in December 2019, is an executive Director of the Company. Mr. Tian obtained the Doctor of Finance from the Murdoch University in Australia and the qualification of economist in the People's Republic of China (the "**PRC**"). Mr. Tian has extensive professional knowledge and experience in strategic planning, operation and business management in the marketing, trading and culture and tourism industry in the PRC. Mr. Tian has been working and is holding directorship at 廣州萬燕集團有限公司 (Guangzhou Wanyan Group Co., Ltd.*) since 2014. He is also holding senior management positions in other companies in the PRC, including but not limited to (i) director and chief executive officer at 廣州萬燕文化傳媒股份有限公司 (Guangzhou Wanyan Culture & Media Co., Ltd*), a company listed on the National Equities Exchange and Quotations from December 2016 to August 2018, which is principally engaged in market research, advertising, brand strategy promotion, brand effectiveness evaluation, theatrical performance business and film and television business; (ii) executive director at 廣州萬燕商貿有限公司 (Guangzhou Wanyan Trading Co., Ltd.*), a company principally engaged in wholesale trade and import and export of goods and technology; (iii) executive director at 九江萬燕置業有限公司 (Jiujiang Wanyan Real Estate Co., Ltd.*), a company principally engaged in tourism project development and management; (iv) executive director at 廣東萬燕網絡科技有限公司 (Guangdong Wanyan Network Technology Co., Ltd.*); (v) executive director at 廣東萬燕資產管理有限公司 (Guangdong Wanyan Asset Management Co., Ltd.*); and (vi) executive director at 廣州賽格投資發展有限公司 (Guangzhou Saige Investment Development Co., Ltd*).

* for identification purpose only

DIRECTORS (CONTINUED)

EXECUTIVE DIRECTORS (CONTINUED)

Mr. Wu Tingjun ("Mr. Wu")

Mr. Wu, aged 51, joined the Group in December 2019, is an executive Director of the Company. He obtained a Bachelor Degree in International Trade from Guangdong University of Foreign Studies in the PRC. Mr. Wu has over 25 years of experience in brand management business. He is the founder and CEO of 北京墨蘇科技有限公司 (Beijing Mosu Technology Co., Ltd.*), which is principally engaged in the distribution of branded apparel in the PRC, Hong Kong and Macau via direct selling through retail stores and online stores and provides top to bottom services to branded apparel owners including but not limited to the promotion, distribution and retailing their products in the PRC, Hong Kong and Macau. Prior to that, Mr. Wu served as the Partner and Vice President of 尚品網 (Shangpin Famous Brand*) for the period from 2015 to 2018, General Manager of 上海墨蘇貿易有限公司 (Shanghai Mosu Trading Co., Ltd.*) for the period from 2008 to 2010 and worked in the COFCO Group for the period from 1997 to 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS ("INEDs")

Mr. Chow Hiu Tung ("Mr. Chow")

Mr. Chow, aged 49, joined the Group in October 2018, is an independent non-executive Director of the Company. He is also the Chairman of the audit committee and member of the remuneration committee of the Company. Mr. Chow has over 23 years of experience in accounting and internal control. He is currently an independent non-executive director of Great Wall Belt & Road Holdings Limited, a company listed on the Stock Exchange, (stock code: 524) and the company secretary of Neo-Neon Holdings Limited, a company listed on the Stock Exchange (stock code: 01868) since May 2020. For the period from October 2013 to March 2015, Mr. Chow was an independent non-executive director of National United Resources Holdings Limited, a company listed on The Stock Exchange (formerly known as China Outdoor Media Group Limited) (stock code: 254). For the period from December 2014 to September 2018, Mr. Chow was an independent non-executive director of Future Bright Mining Holdings Limited, a company listed on The Stock Exchange (stock code: 2212). Mr. Chow obtained his bachelor's degree in business administration in finance from Hong Kong University of Science and Technology in November 1995 and obtained his master's degree in international business in December 2001 from the University of Sydney, Australia. Mr. Chow has been a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since January 1999. Mr. Chow has also been a member of the Association of Chartered Certified Accountants since April 2000 and was admitted as its fellow member in April 2005.

* for identification purpose only

DIRECTORS (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS ("INEDs") (CONTINUED)

Mr. Zhao Hangen ("Mr. Zhao")

Mr. Zhao, aged 54, joined the Group in October 2018, is an independent non-executive Director of the Company. He is also a member of the audit committee and nomination committee of the Company. Mr. Zhao has substantial professional legal experience. He is proficient in civil law theory and jurisprudence, contract, corporate, finance, construction, real estate, investment, competition, intellectual property, international arbitration, labour law litigion and non-litigion matters. Mr. Zhao was a legal director at Nanyue Law Office of Guangdong and Guangdong Bowen Law Office, and management committee member of Guangdong Fazhishengbang Law Office. Mr. Zhao is currently a deputy director and senior partner at Kings Law Firm in Guangdong, an arbitrator at China International Economic and Trade Arbitration Commission, Arbitration Centre Across the Straits, China Guangzhou Arbitration Commission, Foshan Arbitration Commission and Shantou Arbitration Commission. Mr. Zhao obtained his bachelor's degree in law majoring in economic law from the Renmin University of China Law School in July 1989. In January 2005, Mr. Zhao obtained his master's degree in law majoring in economic law from Renmin University of China Law School.

Ms. Yang Yanli ("Ms. Yang")

Ms. Yang, aged 50, joined the Group in October 2018, is an independent non-executive Director of the Company. She is also a member of the audit committee, remuneration committee and nomination committee of the Company. Ms. Yang has substantial experience in media management. Currently, Ms. Yang is a vice-chairman of China International Beauty Expo, vice president of Guangdong Beauty and Cosmetic Association and the CEO of Guangzhou Jiamei Exhibition Ltd. Prior to joining the Group, Ms. Yang was the vice general manager of Planning and Publicizing Centre of Guangzhou Government and Guangzhou KAM-YIK Public Relations Agency. Ms. Yang has been an executive director of Guangzhou Holly's International Auction Company Limited from 2014 to January 2021. Ms. Yang obtained her bachelor's degree in education management from the Guangzhou University in July 2000.

BUSINESS OVERVIEW

GARMENT BUSINESS

The Group carries on the business of sourcing, subcontracting and trading of garments and sportswear products in the PRC which are then exported to overseas market. The Group has started the export of wax print clothes to Africa, which are fabric mostly used for traditional clothing in Africa, since December 2017 (the "**Africa Business**"). During the year ended 31 March 2021, the Africa Business had continued to develop and experienced a gradual increase.

In December 2018, the Group has expanded the garment business to sourcing, subcontracting, designing, selling and distribution of outwear garments and sportswear products in Hong Kong, especially licensed products under the brand of bearing the brand names "ACCAPI", an Italian brand and distribution of sportswear products under the brand name of "Super X", a Hong Kong brand respectively (the "**ACCAPI Business**"). During the year ended 31 March 2021, the ACCAPI Business had seen a slight drop in view of the dampered consumer sentiment in general.

PROPERTY INVESTMENT

As at 31 March 2021, the Group held six investment properties located in the PRC and five investment properties (including three car parking spaces) located in Hong Kong for generating rental income purposes (the "**Investment Properties**"). As at 31 March 2021, other than one car parking space, all the remaining investment properties were fully leased out.

The value of the Investment Properties amounted to approximately HK$118.5 million based on the independent valuation of the Investment Properties as at 31 March 2021 (2020: approximately HK$121.8 million).

MARKETING AND PROMOTIONAL SERVICES

Since 2020, leveraging on the experience of the marketing division of the Garment Business of the Group in promoting its licensed brands ACCAPI and Super X, the Group has commenced to offer marketing and promotional services (the "**Marketing and Promotional Services**") at online and offline platforms for external customers and a related company. The Company expanded its marketing division, targeting to provide services including market analysis, planning of marketing and promotional campaigns, new product launching, product development and market positioning, setting up and management of online shops, design of advertisements and promotional materials, product packaging designs, and displays of physical and online shops, etc. The marketing division is also engaged in organising events such as annual meetings, product launch or marketing conferences, roadshows and exhibitions for external customers. During the year ended 31 March 2021, with the efforts of the Group and a full financial year operation of the Marketing and Promotional Services business, the Marketing and Promotional Services had seen a rapid growth with an increase in number of external customers and enhancement of market presence.

FINANCIAL REVIEW

TURNOVER

The Group recorded a turnover of approximately HK$276.9 million for the year ended 31 March 2021, representing a significant increase of approximately 31.7% as compared to that of approximately HK$210.2 million for the year ended 31 March 2020.

Turnover derived from the Garment Business increased by approximately 12.0% from approximately HK$194.2 million for the year ended 31 March 2020 to approximately HK$217.5 million for the year ended 31 March 2021. The increase was due to the net effect of increase in the Africa Business by approximately 43.4% from approximately HK$72.2 million for the year ended 31 March 2020 to approximately HK$103.5 million for the year ended 31 March 2021 and drop in the ACCAPI Business by approximately 10.5% from approximately HK$122.1 million for the year ended 31 March 2020 to approximately HK$109.3 million for the year ended 31 March 2021.

Turnover derived from property investment slightly increased by approximately 5.1% from approximately HK$3.9 million for the year ended 31 March 2020 to approximately HK$4.1 million for the year ended 31 March 2021.

Turnover derived from Marketing and Promotional Services was vastly increased by approximately 361.7% from HK$12.0 million for the year ended 31 March 2020 to HK$55.4 million for the year ended 31 March 2021.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately HK$29.1 million in respect of the Garment Business for the year ended 31 March 2021, representing an increase of approximately 10.2% as compared to approximately HK$26.4 million for the year ended 31 March 2020. The increase was in line with the increase in revenue.

The gross profit margin of the Garment Business was approximately 13.4% for the year ended 31 March 2021 compared to approximately 13.6% for the year ended 31 March 2020.

The Group recorded a gross profit of approximately HK$4.1 million in respect of the property investment business for the year ended 31 March 2021, representing an increase of approximately 5.1% as compared to approximately HK$3.9 million for the year ended 31 March 2020.

The Group recorded a gross profit of approximately HK$13.3 million in respect of the Marketing and Promotional Services for the year ended 31 March 2021 when compared to approximately HK$5.8 million for the year ended 31 March 2020.

SELLING, DISTRIBUTION AND MARKETING EXPENSES

Selling, distribution and marketing expenses increased by approximately 18.4% from approximately HK$4.9 million for the year ended 31 March 2020 to approximately HK$5.8 million for the year ended 31 March 2021. The increase was mainly due to the increase in marketing related expenses of the Garment Business.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately 12.4% from approximately HK$17.7 million for the year ended 31 March 2020 to approximately HK$19.9 million for the year ended 31 March 2021. The increase was mainly due to the increase in staff costs and legal and professional fee.

CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

The net loss on fair value change of investment properties of approximately HK$3.3 million (2020: net gain of approximately HK$4.7 million) represented fair value adjustment of the Group's properties located in Hong Kong and the PRC as at 31 March 2021.

These properties were revalued based on their open market value as at 31 March 2021 by LCH (Asia-Pacific) Surveyors, an independent qualified professional valuer.

FINANCE COST

Finance cost decreased by approximately 61.6% from approximately HK$7.3 million for the year ended 31 March 2020 to approximately HK$2.8 million for the year ended 31 March 2021. This was mainly due to decrease in interest from amount due to a related company and bank borrowings for general working capital.

PROSPECTS

During the Year, the Group has recorded a net profit attributable to the shareholders which demonstrated the Group's effort in materialising the business plan for the Garment Business. However, the global economy was severely hindered by the continuous outbreak of COVID-19 epidemic. Business activities were put to a halt or significantly slowed down globally. The Garment Business was negatively affected by the dampened consumer sentiments due to lockdowns, travel restrictions and social distancing measures. Although measures including the introduction of vaccines are implemented to combat and control the recurrences, the extent of recovery of the economy and retail market is still uncertain. Therefore, the Group will take a prudent approach to the Garment Business under this situation that the Group will regularly review the product range in order to maintain existing profit margin and to retain the current customer base.

As regards the Group's property business, the Group intends to hold the properties for rental income purpose and to monitor the performance of the property markets in Hong Kong and the PRC and consider reorganising its property portfolio should suitable opportunities arise.

Since 2020, leveraging on the experience of the marketing division of the Company in promoting its licensed brands ACCAPI and Super X, the Group continued to develop the Marketing and Promotional Services, which is a natural expansion from the Garment Business. The Group has achieved satisfactory result in this business during the year that a gross profit of approximately HK$13.3 million was recorded. The Group will continue to strengthen the manpower for the marketing division, to build up its expertise and credentials to serve a wider range of customers and enhance market presence.

The Group will take a prudent approach to look for new business opportunities to diversify its business in order to generate better returns for the shareholders of the Company.

RESUMPTION

Trading in the shares of the Company had been suspended since 1 February 2019. With the Group's management and employees' efforts, the Company had met all of the resumption conditions of the Stock Exchange and successfully resumed trading of its shares on the Stock Exchange on 7 December 2020.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL RATIO

During the year ended 31 March 2021, the Group financed its operations and investments mainly by internally generated funds and debt financing.

CASH POSITION

The Group had total cash and bank balances of approximately HK$7.6 million as of 31 March 2021 (2020: approximately HK$12.3 million).

BANK AND OTHER BORROWINGS

As of 31 March 2021, bank and other borrowings of the Group amounted to approximately HK$156.6 million, which represented shareholder's loans of approximately HK$156.6 million. All bank and other borrowings of approximately HK$156.6 million are repayable within one year or on demand.

As of 31 March 2020, bank and other borrowings of the Group amounted to approximately HK$220.5 million, including shareholder's loans of approximately HK$147.7 million and loans from a related company of approximately HK$72.8 million. All bank and other borrowings of approximately HK$220.5 million are repayable within one year or on demand.

LEVERAGE

The ratio of current assets to current liabilities of the Group was approximately 0.86 as at 31 March 2021 compared to approximately 0.54 as at 31 March 2020. The improvement in current ratio was mainly due to the decrease in amount due to a related company and increase in trade and other receivables. The Group's gearing ratio as at 31 March 2021 was approximately 134.7% (31 March 2020: approximately 668.2%), which is calculated based on the Group's other borrowings of approximately HK$156.6 million (31 March 2020: approximately HK$220.5 million) and the Group's total equity approximately HK$116.3 million (31 March 2020: approximately HK$33.0 million). The decrease in gearing ratio was due to the increase in total equity.

The cash and bank balances together with shareholder's loans and the available banking facilities can provide adequate liquidity and capital resources for the ongoing operation needs of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

Our principal financial instruments include trade and other receivables, trade and other payables, amount due to a shareholder, amount due to a related company, lease liabilities and cash and cash equivalents. We also have various financial assets and financial liabilities arising from our business operations. Our financial instruments are mainly subject to foreign currency risk, credit risk and liquidity risk. We aim to minimise these risks and hence maximise investment returns.

FOREIGN CURRENCY RISK

The monetary assets and liabilities and business transaction of the Group are mainly based on Hong Kong dollars, Renminbi and United States dollars ("**USD**"). In view of the stability of the exchange rate between these currencies, the directors of the Company did not consider that the Group was significantly exposed to foreign exchange risk for the year. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and mitigating the impact on exchange rate fluctuations by entering into currency hedge arrangement, if necessary. During the years ended 31 March 2021 and 2020, no forward foreign exchange or hedging contracts had been entered into by the Group. The Group will continue to evaluate the Group's foreign currency exposure and take actions as appropriate.

CREDIT RISK

The Group's credit exposure generally arises from counterparty risk in the course of engaging in the Garment Business, the property investment business and the provision of marketing service business. As at 31 March 2021, trade receivables and trade and bills payables of the Group were approximately HK$154.9 million and approximately HK$70.1 million (2020: approximately HK$87.2 million and approximately HK$37.0 million), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

LIQUIDITY RISK

Liquidity risk is the risk that funds will not meet liabilities as they fall due. This may arise from mismatches in amounts or time with regard to the maturity of financial assets and liabilities. The objectives of the Group's liquidity risk management are: (1) maintaining the stability of the Group's principal business, timely monitoring cash and bank balance position; (2) projecting cash flows; and (3) evaluating the level of current assets to maintain sufficient liquidity of the Group.

TREASURY POLICIES

As at 31 March 2021, other borrowings of approximately HK$156.6 million (2020: approximately HK$220.5 million) were denominated in Hong Kong dollars. The Group's bank loans are subject to floating interest rates while loans from related company is subject to fixed interest rates. The loans from shareholder do not have any interest.

Cash and cash equivalents held by the Group were mainly denominated in USD, Renminbi and Hong Kong dollars. The Group currently does not have foreign currency and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

CHARGE OF ASSETS

As at 31 March 2021, the Investment Properties and leasehold land and building in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK$116.7 million (2020: approximately HK$115.5 million) were pledged as first legal charges for the Group's banking facilities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

SIGNIFICANT INVESTMENT

The Group had no significant investment during the year ended 31 March 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES OR ASSOCIATED COMPANIES

Except for (i) the completion of disposal of subsidiaries as set out in note 8(A) to the consolidated financial statements; (ii) and the acquisition of remaining 40% of the issued share capital of GBR (HK) Limited (a 60%-owned subsidiary of the Company immediately prior to completion of such acquisition) (details of the acquisition is disclosed in the announcements of the Company dated 18 January 2021 and 5 March 2021 and the circular of the Company dated 8 February 2021), the Group had no material acquisition and disposal of subsidiaries or associated companies during the year ended 31 March 2021.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group in the year ended 31 March 2021 are set out in note 6 to the consolidated financial statements attached to this annual report.

CAPITAL COMMITMENTS

The Group did not have any material capital commitment as at 31 March 2021.

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed guarantees for the banking facilities made by its subsidiaries. As at 31 March 2021, the utilised facilities amounted to approximately HK$9.7 million (2020: approximately HK$10.4 million).

Except for the foregoing, as at 31 March 2021, the Group had no other significant contingent liabilities or pending litigation.

SUBSEQUENT EVENTS

As at 31 March 2021, details of the subsequent events of the Group are set out in note 42 to the consolidated financial statements attached to this annual report.

STAFF AND REMUNERATION POLICIES

As of 31 March 2021, the Group had a total of 44 employees (2020: 45 employees). Total staff costs (including directors' emoluments) for the year ended 31 March 2021 amounted to approximately HK$11.7 million (31 March 2020: approximately HK$10.5 million). Primary means of remuneration include competitive wages, contributory provident funds, insurance and standard medical benefits. The emoluments of the directors are decided by the remuneration committee of the Company (the "**Remuneration Committee**") based on the Company's operating results, individual performance and comparable market statistics. The Group has also adopted an annual discretionary bonus scheme for management and staff subject to the performance of the Group and individual employees. As of 31 March 2021, the Group has no outstanding share options issued to the Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

AUDIT COMMITTEE

The principal responsibilities of the audit committee of the Company (the "**Audit Committee**") include reviewing and supervising of the Group's financial reporting process, risk management and internal control. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 March 2021 and decided that such statements were properly prepared in accordance with the statutory requirements and applicable accounting standards.

The Audit Committee currently comprises of three INEDs, namely Mr. Chow Hiu Tung, Mr. Zhao Hangen and Ms. Yang Yanli.

REPORT OF THE DIRECTORS

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

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products, property investment and provision of marketing services.

An analysis of the Group's results, assets and liabilities by business and geographical segments is set out in note 6 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The description of principal risks and uncertainties facing the Group are set out in the "Management Discussion and Analysis" on pages 7 to 15.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year ended 31 March 2021 attributable to the Group's major customers and suppliers are as follows:

	2021 **%**	2020 %
Sales		
— The largest customer	**28**	31
— Five largest customers combined	**58**	63
Purchases		
— The largest supplier	**25**	36
— Five largest suppliers combined	**64**	97

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

ANALYSIS OF THE GROUP'S PERFORMANCE

An analysis of the Group's performance is shown in the "Management Discussions and Analysis" on pages 7 to 15.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 50.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2021 (2020: HK$Nil).

DIVIDEND POLICY

The Company aims to provide a set of standard procedures/guidelines to be followed by the Board in deciding/recommending the amount of dividend (interim or final) per share. The objective of the dividend policy of the Company is to reward its shareholders by sharing a portion of the profits/earnings, while also ensures that enough funds are retained for future growth and operation of the Company. In proposing any dividend payout, the Company would consider various factors including but not limited to the Group's overall results of operation, financial condition, working capital requirements, capital expenditure requirements, liquidity position, future expansion plans, general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group. Any declaration and payment as well as the amount of the dividends will be subject to any restrictions under the applicable laws and regulations and the Company's constitutional documents. The Company does not have any predetermined dividend distribution proportion or distribution ratio. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time, and the dividend policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on Monday, 23 August 2021, the register of members of the Company will be closed from Wednesday, 18 August 2021 to Monday, 23 August 2021, both days inclusive, during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 22 August 2021.

RESERVES

Movements in the reserves of the Group and those of the Company during the year ended 31 March 2021 are set out in pages 53 and notes 38 to the consolidated financial statements respectively.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The consolidated statement of changes in equity of the Group during the year ended 31 March 2021 is shown on pages 53.

DONATIONS

The Group did not make any donations during the year ended 31 March 2021 (2020: HK$Nil).

PROPERTY, PLANT AND EQUIPMENT

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

INVESTMENT PROPERTIES

Details of the investment properties held by the Group are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 29 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company had no distributable reserves as at 31 March 2021 (2020: HK$Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years ended 31 March 2021 is set out on page 161.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares during the year ended 31 March 2021.

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2021 are set out in note 39 to the consolidated financial statements.

ANALYSIS OF BANK LOANS AND OTHER BORROWINGS

The Group's bank loans and other borrowings including loans from a shareholder and a related company (disregarding the effect of any repayment on demand clause) as at 31 March 2021 were repayable over the following periods:

	Bank borrowings HK$'000	Other borrowings HK$'000
Within one year or on demand	–	156,627
In the second year	–	–
In the third to fifth year, inclusive	–	–
After the fifth year	–	–
	–	156,627

DIRECTORS

The Directors during the year ended 31 March 2021 and up to the date of this report are as follows:

Executive Directors

Mr. Zhang Jinbing *(Chairman)*
Mr. Tian Wenxi
Mr. Wu Tingjun

Independent non-Executive Directors

Mr. Chow Hiu Tung
Ms. Yang Yanli
Mr. Zhao Hangen

All the Directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Bye-law 86(2) of the Company's bye-laws (the "**Bye-laws**"). Mr. Zhang Jinbing and Mr. Chow Hiu Tung will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Mr. Zhang has entered into a service agreement with the Company on 12 September 2018, pursuant to which he has been appointed for a term of two years as an executive Director with effect from 12 September 2018 and renewable automatically for a successive term of one year, subject to rotation, removal, vacation and termination in accordance with the Bye-laws. Each of Mr. Tian and Mr. Wu has entered into a service agreement with the Company on 24 December 2019, pursuant to which each of Mr. Tian and Mr. Wu has been appointed for a term of two years as an executive Director with effect from 24 December 2019, subject to rotation, removal, vacation and termination in accordance with the Bye-laws.

Each of the independent non-executive Directors (the "**INEDs**"), Mr. Chow, Ms. Yang and Mr. Zhao, has entered into a service agreement with the Company on 25 October 2018, pursuant to which each of the INEDs has been appointed for a term of two years as an INED with effect from 25 October 2018, and renewable automatically for a successive term of one year, subject to rotation, removal, vacation and termination in accordance with the Bye-laws.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Details of the Directors' emoluments are set out in note 11(A) to the consolidated financial statements.

CONTRACT OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year nor had there been any contract of significance which had been entered into between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries during the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Except for the Directors' service contracts as mentioned above, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its subsidiaries, its holding companies or its fellow subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2021.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 March 2021, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to section 352 of Part XV of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

(I) LONG POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of Director or chief executive	Nature of interest	Number of issued shares held	Percentage of the issued share capital
Mr. Zhang	Interest in controlled corporation *(Note 1)*	403,602,493 *(Note 1)*	42.2%
Mr. Tian	Interest in controlled corporation *(Note 2)*	25,826,771 *(Note 2)*	2.7%

Note:

1 These shares were held by Always Profit Development Limited ("**Always Profit**"). Always Profit was wholly-owned by Mr. Zhang. Hence Mr. Zhang was deemed to be interested in the 403,602,493 Shares in the Company held by Always Profit pursuant to the SFO.

2 These shares were held by Wenxi Investment Management Co., Ltd. ("**Wenxi Investment**"). Wenxi Investment was wholly-owned by Mr. Tian. Hence Mr. Tian was deemed to be interested in the 25,826,771 Shares in the Company held by Wenxi Investment pursuant to the SFO.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS (CONTINUED)

(II) LONG POSITIONS IN THE SHARES OF THE COMPANY'S ASSOCIATED CORPORATIONS

Name of Director or chief executive	Name of associated corporation	Nature of interest	Number of issued shares held	Approximate percentage of the issued share capital of the associated corporation
Mr. Zhang	Always Profit	Beneficial owner *(Note)*	1	100%

Note:

Always Profit is a company incorporated in British Virgin Islands with limited liability which owned 403,602,493 Shares of the Company (representing 42.2% of the issued share capital of the Company), and thus was the direct holding company of the Company.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2021.

Save as disclosed above, as at 31 March 2021, none of the Directors or chief executives was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company in which disclosure to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO is required.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE 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 or chief executives of the Company to acquire benefits by means of an acquisition of Shares, or debentures of the Company or any other body corporate, and neither the Directors nor the chief executives of the Company, nor any of their spouses or children under the age of 18, had any right to subscribe for securities of the Company or had exercised such right during the year ended 31 March 2021.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors and the chief executives of the Company, as at 31 March 2021, the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

LONG POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Nature of interest	Number of issued shares of the Company held	Approximate percentage of the issued share capital of the Company
Always Profit	Beneficial owner	403,602,493	42.2%

Save as disclosed above, no other person (other than a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO as at 31 March 2021.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 11(A) and note 11(B) to the consolidated financial statements attached to this annual report.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved and adopted by resolutions of the shareholders at the annual general meeting held on 28 September, 2016.

(1) Who may join?

(i) Any executive or non-executive director including independent non-executive director or any employee (whether full-time or part-time) of each member of the Group; (ii) any discretionary object of a discretionary trust established by any substantial shareholder of the Company or any employees, executive or non-executive director of each member of the Group; (iii) any consultant, professional and other adviser to each member of the Group; (iv) any chief executive or substantial shareholder of each member of the Group; (v) any associate of director, chief executive or substantial shareholder of each member of the Group; (vi) any employee (whether full-time or part-time) of any substantial shareholder of each member of the Group; (vii) any supplier of goods or services to any member of the Group; and (viii) any customer of any member of the Group, provided that the Board shall have absolute discretion to determine whether one falls within the aforesaid categories (collectively, the "**Participants**").

(2) Purpose

The purpose of the Share Option Scheme is for the Company to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.

(3) Maximum number of shares subject to the share options

The shares which may be issued upon exercise of all right to subscribe for Shares (the "**Options**") to be granted under the Share Option Scheme and other share option schemes of the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 77,540,600 Shares (representing 10% of the aggregate of the Shares in issue as at the date of approval of the Share Option Scheme on 28 September 2016 (the "**Scheme Mandate Limit**").

The overall limit on the number of shares which shall be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme, and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable), shall not exceed 30% of the Shares in issue from time to time ("**Scheme Limit**").

(4) Maximum entitlement of each Participant

The maximum number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of shares in issue. Any further grant of Options to any Participant must be separately approved by the shareholders in general meeting with such Participant and his associates abstaining from voting.

(5) Option period

The period within which the shares shall be taken up under an Option shall be a period to be notified by the Board to each grantee of the Option at the time of making an offer, which shall be determined by the Board in its absolute discretion at the date of grant of the relevant Option, but such period shall not expire later than 10 years from the date of grant of the relevant Option.

(6) Minimum period for which an option must be held before it can be exercised

The minimum period, if any, for which an Option must be held before it can be exercised shall be determined by the Board at its absolute discretion and notified by the Board to each grantee of the Option at the time of making an offer.

(7) Payment on acceptance of Option offer

An Option shall remain open for acceptance by the Participant concerned for a period of 28 days exclusive of the date on which the offer is made to the Participant. HK$1.00 is payable by the grantee of the Option to the Company on acceptance of the offer of the Option.

(8) Subscription price

The subscription price shall be such price determined by the Board at its absolute discretion and notified to the Participant in the offer at the time of the offer, and shall be no less than the highest of:

(a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant of the relevant Option, which shall be a business day;

(b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant of the relevant Option; and

(c) the nominal value of a Share on the date of grant of the relevant Option.

(9) Remaining life of the Share Option Scheme

Ten years from 28 September 2016, that is, up to 27 September 2026.

No Options under the above scheme were granted nor exercised during the year ended 31 March 2021 and no Options were outstanding as at 31 March 2021.

At no time during the year ended 31 March 2021 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of an acquisition of Shares in, or debentures of, the Company or any other body corporate.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Directors and the Company's auditor in matters coming within the scope of audit of the Group. It also reviews the effectiveness of the external audit, the internal controls and risk evaluation.

The Audit Committee currently comprises of three INEDs, namely Mr. Chow Hiu Tung, Ms. Yang Yanli and Mr. Zhao Hangen. Two meetings were held during the year ended 31 March 2021.

ENVIRONMENTAL, SOCIAL AND GOVERNMENT REPORT

A separate environmental, social and governance report will be published on the respective websites of the Stock Exchange and the Company no later than three months after this annual report has been published.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws and the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group understands the importance of maintaining a good relationship with its suppliers and customers in order to meet its immediate and long term goals. During the year ended 31 March 2021, there is no material or significant dispute between the Group and its supplier and customers.

PERMITTED INDEMNITY PROVISION

Under the Bye-laws, every Director or other officer of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of their duty in their respective offices.

MANAGEMENT CONTRACTS

No contracts, other than contracts of service with person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 March 2021.

CONNECTED TRANSACTIONS

During the year under review, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. Details of related party transactions undertaken in the usual course of business are set out in Note 40 to the consolidated financial statement. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied with the relevant laws and regulations that may cause a significant impact on the business and operations of the Group during the year under review.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the INEDs, namely Mr. Chow Hiu Tung, Ms. Yang Yanli and Mr. Zhao Hangen, an annual confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the INEDs are independent.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2021.

AUDITOR

The consolidated financial statements have been audited by KTC Partners CPA Limited who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

KTC Partners CPA Limited was appointed as auditor to the Group on 3 February 2021 to fill the casual vacancy occasioned by the resignation of Cheng & Cheng Limited with effect from 3 February 2021.

The reason for the change of auditor was that the Company and Cheng & Cheng Limited could not reach a consensus on the audit fee for the financial year ended 31 March 2021.

The term of office of KTC Partners CPA Limited as auditor of the Company will expire at end of the forthcoming annual general meeting of the Company.

For and on behalf of the Board

Zhang Jinbing
Chairman & Executive Director

Hong Kong, 9 June 2021

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. It believes that a high standard of corporate governance provides a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain a high standard of accountability and protect interests of the shareholders and other stakeholders.

The Company has applied the principles and complied with the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the year ended 31 March 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all Directors regarding any non-compliance with the Model Code during the year ended 31 March 2021, they have all confirmed their full compliance with the required standards as set out in the Model Code throughout the year ended 31 March 2021.

The Company has also established written guidelines for senior management and employees in certain functions in respect of their dealings in the securities of the Company for their strict compliance. The Company issued notices to all Directors, senior management and relevant employees reminding them to comply with the restriction on dealing of securities of the Company under the above code and guidelines 60 days prior to the publication of the annual results and 30 days prior to the publication of the interim results.

BOARD OF DIRECTORS

The Board currently consists of a total of six Directors, comprising three executive Directors and three INEDs. The composition of the Board during the year and up to the date of this report are:

EXECUTIVE DIRECTORS

Mr. Zhang Jinbing *(Chairman)*
Mr. Tian Wenxi
Mr. Wu Tingjun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Hiu Tung
Mr. Zhao Hangen
Ms. Yang Yanli

None of the existing Directors have any personal relationship (including financial, business, family or other material/relevant relationship), with any other existing Director.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

In compliance with code provision A.6.5 of the CG Code, the Company encourages the Directors 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 relevant. All the Directors have confirmed with the Company that they have participated in appropriate continuous professional development activities, which relate to financial and general management, regulatory and compliance requirement and corporate governance, either by attending seminars or by reading materials relevant to the Group's business or Directors' duties and responsibilities during the year ended 31 March 2021.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT (CONTINUED)

The individual training records of each existing Director for the year ended 31 March 2021 are set out below:

Name of Directors	Attending seminars/ conferences/ forums	Reading newspapers, journals and updates relating to the economy, general business, accounting, laws, rules and regulations, etc.
Executive Directors		
Mr. Zhang Jinbing *(Chairman)*	√	√
Mr. Tian Wenxi	√	√
Mr. Wu Tingjun	√	√
INEDs		
Mr. Chow Hiu Tung	√	√
Mr. Zhao Hangen	√	√
Ms. Yang Yanli	√	√

INEDS

Throughout the year ended 31 March 2021, the Company has complied with the requirements under Rules 3.10A, 3.10(1) and (2) of the Listing Rules that require every board of directors of a listed issuer to include at least three INEDs and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise. One INED is a qualified accountant.

The INEDs actively participated in board meetings of the Company. The members of Audit Committee, the Remuneration Committee, Nomination Committee of the Company comprise a majority of INEDs.

INEDS (CONTINUED)

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of directors. The Company has received from each of its INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers that all INEDs are independent.

RESPONSIBILITIES OF DIRECTORS AND MANAGEMENT

The Board is responsible for ensuring continuity of leadership, development of sound business strategies, availability of adequate capital and managerial resources to implement the adopted business strategies, adequacy of systems of financial and internal controls and conduct of business in conformity with applicable laws and regulations. All Directors have made full and active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group.

All newly appointed Directors will receive a formal and tailored induction on the first occasion of their appointment in order to ensure that they will have a proper understanding of the operations and business of the Company and that they will be fully aware of their responsibilities under statute and common law, the Listing Rules, applicable legal and other regulatory requirements, and the Company's business and governance policies.

The executive Directors and the senior management are delegated with respective levels of authorities with regard to key corporate strategies and policy and contractual commitments. Senior management is responsible for the day-to-day operations of the Group with divisional heads responsible for different aspects of the Group's business.

The Board is also responsible for the preparation of the consolidated financial statements. The Company has adopted the generally accepted accounting standards in Hong Kong in preparing the consolidated financial statements, appropriate accounting policies have been adopted and applied consistently, and reasonable and prudent judgment and estimates have been made.

CORPORATE GOVERNANCE FUNCTION

According to Code Provision D.3.1 of the CG Code, the Board is responsible for performing the corporate governance duties of the Company. The Board has the following duties and responsibilities for performing the corporate governance duties of the Company:

1. to develop and review the Group's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of the Directors and senior management of the Group;
3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
5. to review the Group's compliance with the Code and disclosure in the corporate governance report and in the annual report of the Company.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve diversity on the Board. A summary of this policy together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

SUMMARY OF THE BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having diversity which will enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard as to whether it will benefit the Board's diversity.

MEASURABLE OBJECTIVES

Selection of candidates for Board membership will be based on a range of perspectives to maintain the Board's diversity, including but not limited to age, experience, cultural and educational background, expertise, skills and know-how.

MONITORING AND REPORTING

The Nomination Committee will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skills and experiences appropriate for the business of the Company.

BOARD MEETING

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, in addition to the meetings for reviewing and approving the Group's annual and interim results. During the year ended 31 March 2021, seven meetings have been held by the Board and the attendance of each of the Directors is as follows:

	Attendance/number of meetings held during the year ended 31 March 2021				
Name of Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Annual General Meetings
Executive Directors					
Mr. Zhang Jinbing *(Chairman)*	6/7	n/a	1/1	1/1	0/1
Mr. Tian Wenxi	6/7	n/a	n/a	n/a	1/1
Mr. Wu Tingjun	7/7	n/a	n/a	n/a	1/1
INEDs					
Mr. Chow Hiu Tung	5/7	2/2	1/1	n/a	1/1
Ms. Yang Yanli	6/7	2/2	1/1	1/1	1/1
Mr. Zhao Hangen	6/7	2/2	1/1	1/1	1/1

AUDIT COMMITTEE

The Audit Committee currently comprises three INEDs:

Mr. Chow Hiu Tung *(Chairman)*
Ms. Yang Yanli
Mr. Zhao Hangen

The Audit Committee was responsible for, amongst other things, overseeing the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of the system of internal control and risk management of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determines is necessary and to perform investigations. The terms of reference of the Audit Committee, which described its authority and duties, are available on the Company's website.

During the year ended 31 March 2021, there was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor. The Audit Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements.

During the year ended 31 March 2021, the Audit Committee held two meetings. Matters considered at the meetings included review of the Group's interim results for the six months ended 30 September 2020 and the annual results for the year ended 31 March 2021, the fees for engaging the external auditors to provide the audit for the relevant years, the independence of the external auditors, and the Company's financial control, internal control and risk management system. The attendance of each member at the Audit Committee meetings held during the year has been disclosed earlier in this report.

REMUNERATION COMMITTEE

The Remuneration Committee comprises two INEDs and one executive Director:

Mr. Zhang Jinbing *(Chairman)*
Mr. Chow Hiu Tung
Ms. Yang Yanli

The objectives of the Remuneration Committee are to determine and maintain an appropriate and competitive level of remuneration to attract, retain and motivate Directors and key executives to operate the Company successfully. The Remuneration Committee also ensures that the remuneration policies and systems of the Group support the Group's objectives and strategies. The Remuneration Committee is provided with other resources to enable it to fully discharge its duties. The terms of reference of the Remuneration Committee, which describe its authority and duties, are available on the Company's website.

During the year ended 31 March 2021, one Remuneration Committee meeting was held and the attendance of each of the members of the Remuneration Committee has been disclosed earlier in this report. The Remuneration Committee has considered the remuneration of the executive Directors and senior management and made recommendations to the Board. The Board has no disagreement with the Remuneration Committee on remuneration or compensation arrangements with regard to executive Directors and senior management.

Directors' emoluments comprise payments to the Directors by the Group in connection with the management of the affairs of the Group and other benefits. Further particulars regarding Directors' remuneration and the five highest paid employees are shown in note 11 to the consolidated financial statements.

Remuneration payable to senior managements who are not Directors for the year ended 31 March 2021 is set out below:

	Number of employees
HK$1,000,001 to HK$1,500,000	1
Below HK$1,000,001	4
	5

NOMINATION COMMITTEE

The Nomination Committee comprises two INEDs and one executive Director:

Mr. Zhang Jinbing *(Chairman)*
Mr. Zhao Hangen
Ms. Yang Yanli

The objectives of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experiences) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. The Nomination Committee should identify individuals suitably qualified to become board members and select or make recommendations to the Board on the selection of individuals eligible for nomination of directorships, assess the independence of the INEDs, and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The Board has adopted the following policies for the nomination of directors.

Nomination Policy

In determining the suitability of a candidate, the Nomination Committee and the Board shall consider the potential contributions that a candidate can bring to the Board and/or the Group.

The Nomination Committee would consider a candidate in terms of qualifications, skills, experiences, independence and other factors. The following shows a non-exhaustive list of selection criteria:

- the candidate's race, reputation, character and integrity;
- the candidate's qualifications, skills, knowledge, business judgment and experiences which are relevant to the operations of the Group; and
- the relevant factors set out in the Board Diversity Policy (as amended from time to time).

During the year ended 31 March 2021, one Nomination Committee meeting was held and the attendance of each of the members of the Nomination Committee has been disclosed earlier in this report.

NOMINATION COMMITTEE (CONTINUED)

Nomination Procedures

The evaluation, recommendation, nomination, selection and appointment or re-appointment of each proposed director shall be assessed and considered by the Nomination Committee and the Board against the selection criteria and the Board Diversity Policy.

In the context of appointment of any proposed candidate to the Board:

- the Nomination Committee may take such measures that it considers appropriate in connection with its identification and evaluation of candidates, including referrals from the Directors, shareholders, management, advisers of the Company;
- the Nomination Committee shall identify and ascertain the character, qualification, knowledge and experience of the candidate and perform adequate due diligence in respect of such candidate; and
- the Nomination Committee shall make recommendations by submitting the candidate's personal profile to the Board for its consideration.

A new director will be informed of the role of the Board and his/her duties and obligation of being a director of a listed company. The terms of reference of the Nomination Committee, which describe its authority and duties, are available on the Company's website.

During the year ended 31 March 2021, the Nomination Committee held one meeting to consider the revision of the structure, size and composition of the Board, qualifications of all Directors and senior management of the Group and independence of the INEDs. The attendance of each of the members of the Nomination Committee has been disclosed earlier in this report.

COMPANY SECRETARY

Ms. Lee Eva ("**Ms. Lee**") was appointed as the Company Secretary of the Company (the "**Company Secretary**") on 5 September 2019. The role of the Company Secretary is to ensure that the Directors have access to all necessary information and that all Board procedures are followed. She also advises the Board on corporate governance matters and facilitates induction and professional development of the Directors. Ms. Lee reports directly to the chairman and the senior management of the Company, and all Directors have access to the advice and services of the Company Secretary at any time in relation to their duties and operation of the Board. Ms. Lee has confirmed that she has fulfilled the requirement of taking no less than 15 hours of relevant professional training during the year ended 31 March 2021.

AUDITOR'S REMUNERATION

The fees paid to the external auditor of the Company, for audit and non-audit services including taxation services for the year ended 31 March 2021 amounted to approximately HK$580,000 and approximately HK$75,000. The fees payables to the external auditor for non-audit services for the year are listed below:

1) Review of financial statements HK$75,000

In considering the re-appointment of the external auditor, the Audit Committee has taken into consideration their relationship with the Company and their independence in the provision of non-audit services. Based on the results of the review and after taking into account the opinion of the management of the Group, the Audit Committee recommended the Board to re-appoint KTC Partners CPA Limited as the external auditor of the Company for the year ending 31 March 2021, subject to approval by the shareholders of the Company at the forthcoming annual general meeting to be held on 23 August 2020. There is no external auditor of the Company acting as a member of the Audit Committee within one year commencing on the date of his cessation of being a partner of the firm. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

ACCOUNTABILITY

Being accountable for the proper stewardship of the Group's affairs, the Directors acknowledge their responsibility for ensuring that proper accounting records are kept and relevant consolidated financial statements, as in the annual report and the interim report of the Company, are prepared to give a true and fair view of the state of affairs of the Group for each of the financial periods.

ACCOUNTABILITY (CONTINUED)

In preparing the consolidated financial statements for the year ended 31 March 2021, the Directors have:

- approved the adoption of all applicable Hong Kong Financial Reporting Standards which are issued by the Hong Kong Institute of Certified Public Accountants
- selected and applied consistently the appropriate accounting policies
- made judgments and estimates that are prudent and reasonable
- prepared the consolidated financial statements on the going concern basis

The management provides the Board with such information and explanations necessary to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The statement by the auditor of the Company about their reporting responsibilities are set out on pages 48 to 49 of this report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has, through the Audit Committee, conducted interim and annual reviews of the adequacy and effectiveness of the Group's internal control system covering the financial, operational, compliance and risk management functions. The Group's internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational system and achievements of the Group's objectives.

While the Audit Committee conducts continuous review on the adequacy and effectiveness of existing internal controls and risk management systems of the Company on behalf of the Board, the day-to-day responsibility for the conduct of these control procedures, the on-going monitoring of risks and the effectiveness of the corresponding internal controls rest with the management of each business units.

The Company has engaged Eternal Bright Consultants Limited ("**Eternal Bright**") to perform a review of the procedures, systems, controls and potential risk areas for the Group. Eternal Bright has submitted its internal control review and risk assessment reports for the Group to the Audit Committee and the Board in June 2021. Findings and recommendations concerning improvements to the Group's internal controls have been reviewed by the Audit Committee and the Board. The Board considered the Group's internal control system to be effective and adequate, and to further enhance the effectiveness of the internal control and risk management, the Company has implemented an ongoing internal control and risk management review measure suggested by Eternal Bright.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board has established a shareholders' communication policy to maintain an on-going dialogue with its shareholders and investors in a timely and transparent manner. The Board reviews the policy on a regular basis to ensure effective communication between the Company, its shareholders and investors.

The Board communicates with its shareholders and investors through various channels. The Board members meet and communicate with shareholders and investors at annual general meetings and other general meetings. Corporate communications (such as interim and annual reports, notices, circulars and announcements) are sent to shareholders in a timely manner and are available on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR NOMINATION OF A DIRECTOR

A notice in writing of the intention to propose a person for election as a director of the Company and a notice in writing by that person of his/her willingness to be elected together with his/her personal particulars and information required to be disclosed under Rule 13.51(2) of the Listing Rules shall be lodged at the Company's principal place of business (Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong) or at its branch share registrar in Hong Kong, Tricor Abacus Limited (Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong). The period for lodgment of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting, and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

RIGHT AND PROCEDURES FOR SHAREHOLDERS TO CONVENE A GENERAL MEETING

Special general meetings shall be convened on the written requisition of one or more shareholders of the Company holding, at the date of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board of Directors or the Company Secretary (Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong) for the purpose of requiring a special general meeting to be called by the Board for the transaction of any business specified in such requisition.

If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Such meeting shall be held within 2 months after the deposit of such requisition.

KTC Partners CPA Limited
Certified Public Accountants (Practising)
和信會計師事務所有限公司

TO THE SHAREHOLDERS OF
STATE ENERGY GROUP INTERNATIONAL ASSETS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of State Energy Group International Assets Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 50 to 160, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, 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 disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 to the financial statements which indicates that the Group had net operating cash outflow of approximately HK$17,625,000 for the year ended 31 March 2021 and the Group had current liabilities exceeded its current assets by approximately HK$35,041,000 as at 31 March 2021. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties Refer to note 17 to the consolidated financial statements	
As at 31 March 2021, the fair value of investment properties of the Group was approximately HK$118,471,000. Decrease in fair value of investment properties of approximately HK$3,314,000 were recognised in profit or loss for the year. To support management's determination of the fair value, the Group engaged an external valuer to perform valuations on the investment properties at the end of the reporting period. Given that the valuation was significant to the Group and significant estimation and judgement are required by management to determine the fair value of the investment properties, we have identified the valuation of the investment properties as key audit matter.	We have performed the following procedures to address this key audit risk: • Evaluating the objectivity, independence and competency of the valuer; • Assessing the methodologies used and the appropriateness of the key assumptions being used in determining the fair value of the investment properties; and • Checking on a sample basis, the accuracy and relevance of the input data used.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Valuation of land and building included in property, plant and equipment Refer to note 16 to the consolidated financial statements	
As at 31 March 2021, the fair value of land and building included in property, plant and equipment of the Group was approximately HK$36,600,000. To support management's determination of the fair value, the Group engaged an external valuer to perform valuations on the land and building at the end of the reporting period. Given that the valuation was significant to the Group and significant estimation and judgement are required by management to determine the fair value of the land and building, we have identified the valuation of the land and building as key audit matter.	We have performed the following procedures to address this key audit risk: • Evaluating the objectivity, independence and competency of the valuer; • Assessing the methodologies used and the appropriateness of the key assumptions being used in determining the fair value of the land and building; and • Checking on a sample basis, the accuracy and relevance of the input data used.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit loss ("ECL") of trade receivables Refer to notes 20 and 34(B)(d) to the consolidated financial statements	
As at 31 March 2021, the Group had trade receivables of approximately HK$154,866,000 (net of provision for impairment of HK$3,503,000). Management recognises a loss allowance for lifetime expected credit losses ("**ECL**") on the trade receivables. Lifetime ECL are estimated based on a number of factors which include aging of overdue trade receivables, historical payment profiles and the corresponding historical credit losses rate of the Group's customers, current market conditions and forecast of future economic conditions, and with reference to expected credit loss rates of comparable companies at the end of each reporting period. Such assessment involves a significant degree of management judgment and estimation. The Group engaged an independent external valuer to assist in estimation of ECL for trade receivables. We identified the impairment assessment of trade receivables as a key audit matter due to the involvement of significant management judgement and estimates in evaluating the ECL of the Group's trade receivables.	We have performed the following procedures to address this key audit risk: • Reviewing and assessing the application of the Group's policy for calculating the ECL; • Evaluating techniques and methodology adopted by the management in the ECL model against the requirements of HKFRS 9; • Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances;

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Provision for expected credit loss ("ECL") of trade receivables (continued) Refer to notes 20 and 34(B)(d) to the consolidated financial statements (continued)	
	• Inquiring management for the status of each of the material trade receivables past due as at year end and corroborating explanations from management with supporting evidence, such as understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers; and • Checking, on a sample basis, the ageing profile of the trade receivables as at 31 March 2021 to the underlying financial records and post year-end settlement to bank receipts.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our 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 AND THE AUDIT COMMITTEE 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 HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KTC PARTNERS CPA LIMITED
Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph
Practising Certificate number P04686
Hong Kong, 9 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Turnover	*6*	**276,890**	210,179
Cost of sales		**(230,439)**	(173,997)
Gross profit		**46,451**	36,182
Other gains, net	*7*	**646**	291
Other income	*7*	**3,473**	1,331
Selling and distribution expenses		**(5,784)**	(4,909)
Administrative expenses		**(19,944)**	(17,716)
Impairment losses under expected credit loss model, net of reversal		**(2,886)**	(252)
Impairment loss on property, plant and equipment		**(409)**	—
Impairment loss on right-of-use assets		**(1,618)**	—
Fair value of (loss)/gain on investment properties	*17*	**(3,314)**	4,673
Fair value loss on contingent consideration payable	*27*	**(383)**	—
Finance costs	*9*	**(2,838)**	(7,336)
Profit before taxation	*10*	**13,394**	12,264
Income tax expense	*12*	**(3,144)**	(1,339)
Profit for the year		**10,250**	10,925
Other comprehensive income/(expense) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	*14*	**591**	(91)
Release of translation reserve upon disposal of foreign operations	*14*	**—**	(393)
Items that will not be reclassified to profit or loss:			
Gain/(loss) on revaluation of land and building held for own use	*14*	**1,303**	(1,785)
Total comprehensive income for the year		**12,144**	8,656
Profit for the year attributable to:			
Owners of the Company		**7,614**	9,376
Non-controlling interests		**2,636**	1,549
		10,250	10,925
Total comprehensive income attributable to:			
Owners of the Company		**9,234**	7,144
Non-controlling interests		**2,910**	1,512
		12,144	8,656
Earnings per share			
– basic (HK cents)	*15*	**0.95**	1.21
– diluted (HK cents)	*15*	**0.95**	1.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	16	**36,887**	37,755
Investment properties	17	**118,471**	121,785
Right-of-use assets	18	**650**	4,083
Rental deposit		**680**	680
		156,688	164,303
Current assets			
Inventories	19	**27,328**	21,546
Trade and other receivables	20	**172,693**	112,407
Bank balances and cash	21	**7,609**	12,272
		207,630	146,225
Total assets		**364,318**	310,528
Current liabilities			
Trade and other payables	22	**73,934**	45,741
Contract liabilities	23	**4,825**	766
Amount due to a shareholder	25	**156,627**	147,673
Amount due to a related company	26	**—**	72,800
Lease liabilities	24	**1,953**	1,842
Tax payable		**5,332**	1,922
		242,671	270,744
Net current liabilities		**(35,041)**	(124,519)
Total assets less current liabilities		**121,647**	39,784

	Notes	2021 HK$'000	2020 HK$'000
Non-current liabilities			
Lease liabilities	24	413	2,366
Contingent consideration payable	27	547	—
Rental deposit received		771	489
Deferred tax liabilities	28	3,654	3,961
		5,385	6,816
Net assets		116,262	32,968
EQUITY			
Share capital	29	95,631	77,540
Reserves		20,631	(46,088)
Equity attributable to owners of the Company		116,262	31,452
Non-controlling interests		—	1,516
Total equity		116,262	32,968

The consolidated financial statement on pages 50 to 160 were approved and authorised for issue by the board of directors on 9 June 2021 and are signed on its behalf by:

Zhang Jinbing
Chairman

Tian Wenxi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to equity holders of the Company											
	Share Capital	Share Premium Note (a)	Revaluation Reserve Note (b)	Consolidation Reserve Note (c)	PRC Statutory Reserve Note (d)	Translation Reserve Note (e)	Capital Reserve Note (f)	Other Reserve Note (g)	Accumulated Losses	Sub Total	Non-Controlling Interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2019	77,540	66,894	11,855	2,214	–	393	8,878	–	(144,862)	22,912	6,296	29,208
Profit for the year	–	–	–	–	–	–	–	–	9,376	9,376	1,549	10,925
Other comprehensive expense for the year	–	–	(1,785)	–	–	(447)	–	–	–	(2,232)	(37)	(2,269)
Total comprehensive (expense)/income for the year	–	–	(1,785)	–	–	(447)	–	–	9,376	7,144	1,512	8,656
Transfer of reserve	–	–	–	–	226	–	–	–	(226)	–	–	–
Equity contribution from a shareholder	–	–	–	–	–	–	1,376	–	–	1,376	–	1,376
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(6,296)	(6,296)
Partial disposal of subsidiaries to non-controlling interests during the year (note 41)	–	–	–	–	–	–	–	–	20	20	4	24
At 31 March 2020	77,540	66,894	10,070	2,214	226	(54)	10,254	–	(135,692)	31,452	1,516	32,968
Profit for the year	–	–	–	–	–	–	–	–	7,614	7,614	2,636	10,250
Other comprehensive income for the year	–	–	1,303	–	–	317	–	–	–	1,620	274	1,894
Total comprehensive income for the year	–	–	1,303	–	–	317	–	–	7,614	9,234	2,910	12,144
Transfer of reserve	–	–	–	–	595	–	–	–	(595)	–	–	–
Issue of shares under share placement (note 29)	15,508	56,604	–	–	–	–	–	–	–	72,112	–	72,112
Transaction costs attributable to issue of shares	–	(798)	–	–	–	–	–	–	–	(798)	–	(798)
Acquisition of non-controlling interests (note 33)	2,583	7,257	–	–	–	–	–	(5,578)	–	4,262	(4,426)	(164)
At 31 March 2021	95,631	129,957	11,373	2,214	821	263	10,254	(5,578)	(128,673)	116,262	–	116,262

Note:

a) Share premium

The application of the share premium is governed by section 40 of the Companies Act 1981 of Bermuda.

b) Revaluation reserve

It represents gains/losses arising on the revaluation of the Group's buildings (other than investment properties). The balance on this reserve is wholly non-distributable.

c) Consolidation reserve

It represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration thereof pursuant to the exchange of shares on group reorganization.

d) PRC statutory reserve

According to the relevant requirements in the Articles of Association of the Group's subsidiaries in the People's Republic of China ("**PRC**"), a portion of their profits after taxation is transferred to PRC statutory reserve. The transfer must be made before the distribution of a dividend to equity owners. The PRC statutory reserve can be used to make up the prior year losses, if any. The PRC statutory reserve is non-distributable other than upon liquidation.

e) Translation reserve

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

f) Capital reserve

It represents the differences between the loans nominal amount of approximately HK$183,162,000 and the fair value of approximately HK$172,908,000 of loans granted by a shareholder in between the year ended 31 March 2018 and year ended 31 March 2020, At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loans nominal amount and present value of approximately HK$10,254,000 is treated as equity contribution from the shareholder and credited to the capital reserve account.

g) Other reserve

The other reserve represents the difference between the fair value of consideration paid to increase the shareholding in a subsidiary GBR (HK) Limited and the amount of adjustment to non-controlling interests during the year ended 31 March 2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Operating activities			
Profit before taxation		13,394	12,264
Impairment losses under expected credit loss model, net of reversal		2,886	252
Gain on disposal of subsidiaries		(253)	(1,121)
Depreciation of property, plant and equipment		1,762	1,431
Depreciation of right-of-use asset		1,815	1,361
Impairment loss on property, plant and equipment		409	—
Impairment loss on right-of-use assets		1,618	—
Written off of plant and equipment		—	420
Fair value loss/(gain) of investment properties		3,314	(4,673)
Fair value loss on contingent consideration payable		383	—
Interest income		(1)	(25)
Interest on bank loans and overdrafts		1,008	733
Interest on loans from a shareholder		—	3,252
Interest on loans from a related company		1,632	3,134
Interest on lease liabilities		198	217
Operating cash flow before movements in working capital		28,165	17,245
Increase in inventories		(6,036)	(5,545)
Increase in trade and other receivables		(72,207)	(69,395)
Increase in trade and other payables		28,608	41,736
Increase in contract liabilities		4,059	766
Cash used in operations		(17,411)	(15,193)
Income taxes paid		(214)	—
Net cash flows used in operating activities		(17,625)	(15,193)
Investing activities			
Release of pledged bank deposit		—	522
Interest received		1	25
Net cash outflow from disposal of subsidiaries	8	(213)	(4,240)
Purchases of plant and equipment		—	(1,361)
Proceeds from disposal of plant and equipment		—	475
Net cash flows used in investing activities		(212)	(4,579)

	Notes	2021 HK$'000	2020 HK$'000
Financing activities			
Proceeds from bank borrowings		**60,414**	—
Repayment of bank borrowings		**(60,414)**	(32,972)
Proceeds from loans from a shareholder		**18,995**	76,355
Repayment of loans from a shareholder		**—**	(26,529)
Interest paid		**(2,838)**	(950)
Repayment of loan from a related company		**(72,800)**	—
Repayment of lease liabilities		**(1,842)**	(1,236)
Proceeds from issue of shares		**71,314**	—
Cash inflow from partial disposal of subsidiaries without loss of control	*41*	**—**	24
Net cash flow from financing activities		**12,829**	14,692
Net decrease in cash and cash equivalents		**(5,008)**	(5,080)
Cash and cash equivalents at the beginning of the year		**12,272**	17,206
Effects of exchange rate changes, net		**345**	146
Cash and cash equivalents at the end of the year	*21*	**7,609**	12,272

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares (the "**Share**") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate and ultimate holding company is Always Profit Development Limited, a company incorporated in British Virgin Islands. Its ultimate controlling party is Mr. Zhang Jinbing, who is also the Chairman and Executive Director of the Company. The address of its principal place of business is Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (the "**Group**") are sourcing, subcontracting, marketing and selling of garments and sportswear products, property investment and provision of marketing services.

These consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

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

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19 Related Rent Concessions.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.1 IMPACTS ON APPLICATION OF AMENDMENTS TO HKAS 1 AND HKAS 8 DEFINITION OF MATERIAL

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 IMPACTS ON APPLICATION OF AMENDMENTS TO HKFRS 3 DEFINITION OF A BUSINESS

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.3 IMPACTS ON APPLICATION OF AMENDMENTS TO HKFRS 9, HKAS 39 AND HKFRS 7 INTEREST RATE BENCHMARK REFORM

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform.

The amendments had no impact on the consolidated financial statements of the Group.

2.4 IMPACTS ON EARLY APPLICATION OF AMENDMENT TO HKFRS 16 COVID-19-RELATED RENT CONCESSIONS

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

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

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

The application of the amendment had no impact to the opening accumulated losses at 1 April 2021.

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.4 IMPACTS ON EARLY APPLICATION OF AMENDMENT TO HKFRS 16 COVID-19-RELATED RENT CONCESSIONS (CONTINUED)

NEW AND AMENDMENTS TO HKFRSS IN ISSUE BUT NOT YET EFFECTIVE

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
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 HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.4 IMPACTS ON EARLY APPLICATION OF AMENDMENT TO HKFRS 16 COVID-19-RELATED RENT CONCESSIONS (CONTINUED)

AMENDMENTS TO HKFRS 3 REFERENCE TO THE CONCEPTUAL FRAMEWORK

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "**Conceptual Framework**") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.4 IMPACTS ON EARLY APPLICATION OF AMENDMENT TO HKFRS 16 COVID-19-RELATED RENT CONCESSIONS (CONTINUED)

AMENDMENTS TO HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 AND HKFRS 16 INTEREST RATE BENCHMARK REFORM – PHASE 2

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform - Phase 2* relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- **Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.4 IMPACTS ON EARLY APPLICATION OF AMENDMENT TO HKFRS 16 COVID-19-RELATED RENT CONCESSIONS (CONTINUED)

AMENDMENTS TO HKFRS 10 AND HKAS 28 SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

AMENDMENTS TO HKAS 1 CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT AND RELATED AMENDMENTS TO HONG KONG INTERPRETATION 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.4 IMPACTS ON EARLY APPLICATION OF AMENDMENT TO HKFRS 16 COVID-19-RELATED RENT CONCESSIONS (CONTINUED)

AMENDMENTS TO HKAS 1 CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT AND RELATED AMENDMENTS TO HONG KONG INTERPRETATION 5 (2020) (CONTINUED)

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2021, the application of the amendments will not result in reclassification of the Group's liabilities as at 31 March 2021.

AMENDMENTS TO HKAS 16 PROPERTY, PLANT AND EQUIPMENT – PROCEEDS BEFORE INTENDED USE

The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.4 IMPACTS ON EARLY APPLICATION OF AMENDMENT TO HKFRS 16 COVID-19-RELATED RENT CONCESSIONS (CONTINUED)

AMENDMENTS TO HKAS 37 ONEROUS CONTRACTS – COST OF FULFILLING A CONTRACT

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

AMENDMENTS TO HKFRSs ANNUAL IMPROVEMENTS TO HKFRSs 2018-2020

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

2. APPLCATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

2.4 IMPACTS ON EARLY APPLICATION OF AMENDMENT TO HKFRS 16 COVID-19-RELATED RENT CONCESSIONS (CONTINUED)

AMENDMENTS TO HKFRSS ANNUAL IMPROVEMENTS TO HKFRSS 2018-2020 (CONTINUED)

HKAS 41 Agriculture

The amendment ensures consistency with the requirements in HKFRS 13 *Fair Value Measurement* by removing the requirement in paragraph 22 of HKAS 41 to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

3. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and by the Hong Kong Companies Ordinance.

The Group had net operating cash outflow of approximately HK$17,625,000 for the year ended 31 March 2021 and had net current liabilities of approximately HK$35,041,000 as at 31 March 2021. These conditions indicate the existence of a material uncertainty which may cost significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

(1) the Group is expected to generate positive cash flows from its future operations;

(2) the Group continues to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flows from its operations in future;

(3) The immediate holding company and the ultimate controlling party have agreed to provide continuing financial supports, if necessary, to the Group to meet its obligations as and when they fall due; and

(4) The Group is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue and placing of new shares.

3. BASIS OF PREPARATION (CONTINUED)

Based on the Group's cash flow projections, taking into account of effectiveness and feasibility of the above measures covering a period of twelve month from the end of the reporting period prepared by the management, the directors of the Company consider the Group would be able to finance its operations and to meet its financial obligations as and when they fall due within the forecast period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any future liabilities that may arise and to re-classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis for accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for land and building, investment properties and contingent consideration payable, which are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. BASIS OF PREPARATION (CONTINUED)

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

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

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

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION (CONTINUED)

CHANGES IN THE GROUP'S INTERESTS IN EXISTING SUBSIDIARIES

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

EXISTENCE OF SIGNIFICANT FINANCING COMPONENT

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

PRINCIPAL VERSUS AGENT

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES

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

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

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT GRANT

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

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Land and buildings comprise mainly factories and offices. Land and buildings are carried at fair values, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Revaluation increases of land and buildings are recognised in profit or loss to the extent that the increases reverse revaluation decreases of the same asset previously recognised in profit or loss. All other revaluation increases are credited to the property revaluation reserve as other comprehensive income. Revaluation decreases that offset previous revaluation increases of the same asset remaining in the property revaluation reserve are charged against the property revaluation reserve as other comprehensive income. All other decreases are recognised in profit or loss. On the subsequent sale or retirement of a revalued land and building, the attributable revaluation increases remaining in the property revaluation reserve is transferred directly to retained profits.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost, or revalued amount, less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

	Depreciation rates	Method
– Land and building	over the lease terms	straight-line
– Leasehold improvements	15-20% or over the lease terms, whichever is shorter	straight-line
– Furniture and fixtures	15-20%	reducing balance
– Motor vehicles	15-25%	reducing balance
– Office and computer equipment	15-33%	reducing balance

The assets' residual values and useful lives are reviewed, and adjusted as appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss and other comprehensive income. When revalued assets are sold, the revaluation surplus included in reserves is transferred to accumulated losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

IMPAIRMENT ON RIGHT-OF-USE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

At the end of the reporting period, the Group reviews the carrying amounts of its right-of-use assets and property, plant and equipment with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of right-of-use assets and property, plant and equipment are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT ON RIGHT-OF-USE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

FINANCIAL INSTRUMENTS

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

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

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

(A) FINANCIAL ASSETS

CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

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

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

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

(A) FINANCIAL ASSETS (CONTINUED)

CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS (CONTINUED)

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

A financial asset is held for trading if:

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

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

AMORTISED COST AND INTEREST INCOME

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

(A) FINANCIAL ASSETS (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables and other receivables) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables.

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

(i) Significant increase in credit risk

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

(A) FINANCIAL ASSETS (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9 (CONTINUED)

(i) Significant increase in credit risk (continued)

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

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

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

(A) FINANCIAL ASSETS (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9 (CONTINUED)

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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

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

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

(A) FINANCIAL ASSETS (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9 (CONTINUED)

(v) Measurement and recognition of ECL

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

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

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

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

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

(A) FINANCIAL ASSETS (CONTINUED)

IMPAIRMENT OF FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO IMPAIRMENT ASSESSMENT UNDER HKFRS 9 (CONTINUED)

DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

(B) FINANCIAL LIABILITIES AND EQUITY

CLASSIFICATION AS DEBT OR EQUITY

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

(i) Equity instruments

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

(ii) Financial liabilities

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amount due to a shareholder and amount due to a related company are subsequently measured at amortised cost using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL LIABILITIES AND EQUITY (CONTINUED)

CLASSIFICATION AS DEBT OR EQUITY (CONTINUED)

(ii) Financial liabilities (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL LIABILITIES AND EQUITY (CONTINUED)

CLASSIFICATION AS DEBT OR EQUITY (CONTINUED)

(ii) Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

DERECOGNITION/MODIFICATION OF FINANCIAL LIABILITIES

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

(A) DEFINITION OF A LEASE

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

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

(B) THE GROUP AS A LESSEE

ALLOCATION OF CONSIDERATION TO COMPONENTS OF A CONTRACT

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

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

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

RIGHT-OF-USE ASSETS

The cost of right-of-use asset includes:

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

(B) THE GROUP AS A LESSEE (CONTINUED)

RIGHT-OF-USE ASSETS (CONTINUED)

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

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

REFUNDABLE RENTAL DEPOSITS

Refundable rental deposits paid are accounted 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.

LEASE LIABILITIES

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

The lease payments include:

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

(B) THE GROUP AS A LESSEE (CONTINUED)

LEASE LIABILITIES (CONTINUED)

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

LEASE MODIFICATIONS

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

(C) THE GROUP AS A LESSOR

CLASSIFICATION AND MEASUREMENT OF LEASES

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

ALLOCATION OF CONSIDERATION TO COMPONENTS OF A CONTRACT

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

REFUNDABLE RENTAL DEPOSITS

Refundable rental deposits received 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 from lessees.

LEASE MODIFICATION

Changes in considerations of lease contacts that were not part of the original terms conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

Inventories represent assets held for sale in the ordinary course of business of the Group are stated at the lower of cost and net realizable value.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to present location and condition is determined by using first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and short- term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

TAXATION

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when 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, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EMPLOYEE BENEFITS

(A) PENSION OBLIGATION

(i) HONG KONG

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**"; a defined contribution plan) under which the Group and its employees are required to contribute 5% (subject to an aggregate maximum of HK$1,500 per month) of the employees' relevant income. Contributions from the employer are 100% vested in the employees as soon as they are paid to the MPF Scheme.

(ii) THE PRC

The Group contributes to retirement plans for its employees in the PRC at a percentage of their salaries in compliance with the requirements of the respective municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group in the PRC.

Contributions for the above schemes are recognised as employee benefit expenses when they are due.

(B) EMPLOYEE LEAVE ENTITLEMENTS

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

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

PROVISIONS

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED PARTIES

A related party is a person or entity that is related to the Group in these consolidated financial statements, as follows:

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third entity.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(A) CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(A) CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

DEFERRED TAXATION ON INVESTMENT PROPERTIES

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the management has reviewed the Group's investment properties portfolios and concluded that while the Group's investment properties located in Hong Kong are depreciable, they 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 taxation arising from these investment properties located in Hong Kong, the management determined that the presumption that these investment properties measured using the fair value model are recovered through sale is not rebutted.

For the Group's investment properties located in the PRC, the management concluded that they are depreciable and are being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation arising from investment properties located in the PRC, the management determined that the presumption that these investment properties measured using the fair value model are recovered through sale is rebutted.

INCOME RECOGNITION - PRINCIPAL OR AGENT

The Group had a few transactions in relation to trading of electronic parts during the year. The goods are shipped from suppliers to an agreed destination where the customers can pick up directly or delivered to the Group's warehouse for a short period and to be picked up by the customers. The customers initiate the trade by placing purchase orders to the Group. Determination of principal or agent for income recognition purpose involves significant judgement. The Group is considered as an agent and recognises the income from trading of electronic parts at net amount which is presented as commission income included in other income based on the below fact pattern and judgement:

(i) The Group has a limited inventory risk as the Group had narrow control of the goods throughout the transactions; and

(ii) The Group does not have primary responsibility for fulfilling the contract.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(B) KEY SOURCES OF ESTIMATION UNCERTAINTY

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

FAIR VALUE OF INVESTMENT PROPERTIES

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 17.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Whilst the Group considers valuations of the Group's investment properties are the best estimates, the ongoing Covid-19 pandemic has resulted in greater market volatility depending on how the Covid-19 pandemic may progress and evolve, which have led to higher degree of uncertainties in respect of the valuations in the current year. Changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, travel restrictions implemented by many countries, increased complexity in international trade tensions geopolitics, changes in policy direction and/or mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

The directors of the Company have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

As at 31 March 2021, the carrying amount of the Group's investment properties is approximately HK$118,471,000 (2020: HK$121,785,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(B) KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

PROVISION OF ECL FOR TRADE RECEIVABLES

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors and business segment as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 20 and 34(B) (d).

6. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of garments and sportswear products, property investment and provision of marketing services. Turnover mainly represents the consideration of goods sold, rental income received and receivable and marketing service provided. An analysis of turnover, other net gain/(loss) and other income is as follows:

(i) Analysis of revenue

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15 – at point in time basis		
Export sales of garment and sportswear products	**103,483**	73,767
Local sales of garment and sportswear products	**113,969**	120,472
Marketing services income	**55,370**	12,042
	272,822	206,281
Revenue from other sources		
Rental income	**4,068**	3,898
	276,890	210,179

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(ii) Performance obligations for contracts with customers

Revenue from export sales and local sales of garment and sportswear products is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

Marketing services income are recognised at the point in time when the related services are taken place.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for export and local sales of garment and sportswear products, and marketing service income such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts for export sales and local sales of garment and sportswear products, and marketing service income that had an original expected duration of one year or less.

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

The Group operates mainly in Hong Kong and the PRC and in the following business segments:

i) Garment business - Sales of garments to both local and overseas customers

The Group satisfies its performance obligation upon delivery of the goods sold to the customers;

ii) Property investment - Investing and letting of properties; and

iii) Marketing services – Provision of marketing services.

The Group organises marketing and promotional events. The Group satisfies its performance obligations upon completion of the events. In addition, the Group also provides promotional services for the advertised products specified by the customers in a wide range of online channels. The Group satisfies its obligations upon releases of the promotional products to the online channels.

Segment profit or loss represents the profit or loss from each segment without allocation of central administrative costs, finance costs and professional expenses which are for corporate use purpose.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, inventories, trade receivables, rental deposits, prepayments and other receivables. They exclude cash and cash equivalents and assets used for corporate functions.

Segment liabilities consist primarily of trade and bills payables, other payables and accrued charges, contract liabilities, rental deposit received and lease liabilities. They excluded liabilities which are used for corporate functions including tax payable, contingent consideration payable, amount due to a shareholder and amounts due to a related company.

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

	2021			
	Garment business HK$'000	Property investment HK$'000	Marketing services HK$'000	Total HK$'000
Turnover	217,452	4,068	55,370	276,890
Segment operating profit	10,256	976	11,365	22,597
Unallocated corporate income				2,130
Unallocated corporate expenses				(8,365)
Fair value loss on contingent consideration payable				(383)
Gain on disposal of subsidiaries				253
Operating profit				16,232
Finance costs				(2,838)
Profit before taxation				13,394
Income tax expense				(3,144)
Profit for the year				10,250
Segment assets	218,171	119,823	24,774	362,768
Unallocated assets				1,550
Total assets				364,318
Segment liabilities	71,806	771	7,696	80,273
Unallocated liabilities				1,623
Tax payable				5,332
Amount due to a shareholder				156,627
Contingent consideration payable				547
Deferred tax liabilities				3,654
Total liabilities				248,056

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS (CONTINUED)

	2021				
	Garment business HK$'000	Property investment HK$'000	Marketing service HK$'000	Corporate HK$'000	Total HK$'000
Depreciation of property, plant and equipment	1,734	–	–	28	1,762
Depreciation of right-of-use assets	1,815	–	–	–	1,815
Fair value loss on investment properties	–	3,314	–	–	3,314
Changes in fair value on contingent consideration payable	–	–	–	383	383
Gain on disposal of subsidiaries	–	–	–	(253)	(253)
Impairment loss on property, plant and equipment	409	–	–	–	409
Impairment loss on right-of-use assets	1,618	–	–	–	1,618
Loss allowance on trade and other receivables	2,532	–	354	–	2,886

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS (CONTINUED)

	2020			
	Garment business HK$'000	Property investment HK$'000	Marketing services HK$'000	Total HK$'000
Turnover	194,239	3,898	12,042	210,179
Segment operating profit	13,498	8,138	4,785	26,421
Unallocated corporate income				742
Unallocated corporate expenses				(8,264)
Plant and equipment written off				(420)
Gain on disposal of subsidiaries				1,121
Operating profit				19,600
Finance costs				(7,336)
Profit before taxation				12,264
Income tax expense				(1,339)
Profit for the year				10,925
Segment assets	157,549	122,907	12,538	292,994
Unallocated assets				17,534
Total assets				310,528
Segment liabilities	41,038	489	7,674	49,201
Unallocated liabilities				2,003
Tax payable				1,922
Amount due to a shareholder				147,673
Amount due to a related company				72,800
Deferred tax liabilities				3,961
Total liabilities				277,560

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS (CONTINUED)

	2020				
	Garment business HK$'000	Property investment HK$'000	Marketing service HK$'000	Corporate HK$'000	Total HK$'000
Additions to non-current assets	1,361	—	—	—	1,361
Depreciation of property, plant and equipment	1,105	233	—	93	1,431
Depreciation of right-of-use assets	1,361	—	—	—	1,361
Fair value gain on investment properties	—	(4,673)	—	—	(4,673)
Gain on disposal of subsidiaries	—	—	—	(1,121)	(1,121)
Plant and equipment written off	—	—	—	420	420
Loss allowance on trade and other receivables	123	—	89	40	252

SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS

	2021	
	Turnover HK$'000	**Specified non-current assets HK$'000**
Africa	**103,483**	**—**
Hong Kong	**75,291**	**117,637**
PRC	**98,116**	**38,371**
	276,890	**156,008**

6. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS (CONTINUED)

	2020	
	Turnover HK$'000	Specified non-current assets HK$'000
Africa	72,152	—
Hong Kong	124,242	120,838
PRC	13,785	42,785
	210,179	163,623

Revenue is allocated based on the country in which the customers are located. Specified non-current assets are allocated based on where the assets are located.

INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from customers in the corresponding years contributing over 10% of the total sales of the Group from the garment business (2020: garment business) is as follows:

	2021 HK$'000	2020 HK$'000
Customer A[1]	**78,245**	N/A
Customer B[2]	**N/A**	66,019
Customer C[2]	**N/A**	22,948

1 The corresponding revenue did not contribute over 10% of the total sales of the Group for the year ended 31 March 2020.

2 The corresponding revenue did not contribute over 10% of the total sales of the Group for the year ended 31 March 2021.

7. OTHER INCOME/OTHER GAINS/(LOSSES), NET

	2021 HK$'000	2020 HK$'000
Other gains/(losses), net		
Gain on disposal of subsidiaries (note 8)	253	1,121
Plant and equipment written off	—	(420)
Net exchange gain/(loss)	393	(410)
	646	291
Other income		
Interest income	1	25
Commission income	1,285	870
Government grants (Note)	1,605	—
Sundry income	582	436
	3,473	1,331

Note:

During the current year, the Group recognised government grants of approximately HK$1,525,000 in respect of COVID-19-related subsidies which were granted to the Group under the Employment Support Scheme provided by the Hong Kong government.

8. GAIN ON DISPOSAL OF SUBSIDIARIES

(A) DISPOSAL OF SUBSIDIARIES DURING THE YEAR ENDED 31 MARCH 2021

(a) In August 2020, the Company entered into an agreement for the disposal of the subsidiary, Union Beauty Limited ("**Union Beauty**") for consideration of HK$10,000. Completion of the disposal was taken place on 10 August 2020.

Union Beauty holds 100% equity interests in Liande Zhihui Technology Limited ("聯德智慧科技有限公司"), which was disposed upon the completion of disposal of Union Beauty on 10 August 2020.

The aggregate amounts of the assets and liabilities attributable to the subsidiaries on the date of disposal were as follows:

	2021 HK$'000
Other receivables and deposits paid	9,949
Bank balances and cash	353
Other payables and deposits received	(488)
Amount due to a shareholder	(10,041)
Net liabilities disposed of	(227)
Gain on disposal of subsidiaries	237
Total consideration	10
Net cash flow arising on disposal:	
Bank balances and cash received	10
Bank balances and cash disposed of	(353)
	(343)

8. GAIN ON DISPOSAL OF SUBSIDIARIES (CONTINUED)

(A) DISPOSAL OF SUBSIDIARIES DURING THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

(b) In November 2020, the Company entered into an agreement with Mr. Zhang Jinbing for the disposal of the subsidiary, Sunwise Illusion Limited ("**Sunwise**") for consideration of HK$143,000. Completion of the disposal was taken place on 19 November 2020.

The aggregate amounts of the assets and liabilities attributable to Sunwise on the date of disposal were as follows:

	2021 HK$'000
Inventories	254
Trade receivables	1
Bank balances and cash	13
Other payables and accruals	(141)
Net assets disposed of	127
Gain on disposal of subsidiary	16
Total consideration	143
Net cash flow arising on disposal:	
Bank balances and cash received	143
Bank balances and cash disposed of	(13)
	130

The subsidiaries disposed of during the year ended 31 March 2021 did not contribute significantly to the results and cash flows of the Group during the year ended 31 March 2021 prior to the disposal.

8. GAIN ON DISPOSAL OF SUBSIDIARIES (CONTINUED)

(B) DISPOSAL OF SUBSIDIARIES DURING THE YEAR ENDED 31 MARCH 2020

In November 2018, the Group entered into an agreement with an independent third party to dispose the entire equity interest in a subsidiary, Takson Logistics Limited ("**TCL**"), at a consideration of approximately RMB7,408,000 (approximately HK$8,423,000). Completion of the disposal was taken place on 16 May 2019.

TCL holds 55% equity interests in Jiangsu Youyi International Logistics Co., Ltd., which was disposed upon the completion of disposal of TCL on 16 May 2019.

The aggregate amounts of the assets and liabilities attributable to the subsidiaries on the date of disposal were as follows:

	2020 HK$'000
Property, plant and equipment	1,251
Other receivables	425
Cash and cash equivalents	12,663
Other payables	(348)
	13,991
Release of translation reserve upon disposal of subsidiaries	(393)
Release of non-controlling interests upon disposal of subsidiaries	(6,296)
Gain on disposal	1,121
Consideration satisfied by cash	8,423
Net cash outflow arising on disposal:	
Cash consideration received	8,423
Less: Cash and cash equivalents disposed of	(12,663)
	(4,240)

The subsidiaries disposed of during the year ended 31 March 2020 did not contribute significantly to the results and cash flows of the Group during the year ended 31 March 2020 prior to the disposal.

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on bank loans and overdrafts	**1,008**	733
Interest on lease liabilities	**198**	217
Interest on loans from a shareholder	**—**	3,252
Interest on loans from a related company (Note)	**1,632**	3,134
	2,838	7,336

Note: On 6 November 2018, the amounts of approximately HK$125,087,000 and its related interests payable due to the Company's immediate holding company, State Energy HK Limited ("State Energy HK") was assigned to a related company of the Group by a court order.

The interest expense was accrued in accordance with the loan agreements carrying contracted interest rates from nil to 4.25% signed with State Energy HK and the effective interest rates were ranged from 4.25% to 5.75% during the years ended 31 March 2021 and 2020.

10. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following:

	2021 HK$'000	2020 HK$'000
Cost of inventories sold	**188,349**	167,799
Auditor's remuneration	**580**	710
Depreciation – property, plant and equipment	**1,762**	1,431
Depreciation – right-of-use assets	**1,815**	1,361
Legal and professional fees	**4,033**	1,780
Plant and equipment written off	**—**	420
Net exchange (gain)/loss	**(393)**	410
Staff costs, including directors' emoluments		
—Salaries, bonus and allowance	**11,293**	10,137
—Retirement benefits scheme contributions	**396**	343
	11,689	10,480

11. DIRECTORS' AND SENIOR MANAGEMENTS' EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

The remuneration of each director of the Company for the year ended 31 March 2021 is set out below:

	Fee HK$'000	Salaries HK$'000	Other benefits HK$'000	Contributions to defined contribution scheme HK$'000	Total (Note) HK$'000
Executive directors:					
Zhang Jinbing	–	–	–	–	–
Tian Wenxi	–	360	–	–	360
Wu Tingjun	–	–	–	–	–
Independent non-executive directors:					
Yang Yanli	120	–	–	–	120
Chow Hiu Tung	120	–	–	–	120
Zhao Hangen	120	–	–	–	120
Total	360	360	–	–	720

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(A) DIRECTORS' EMOLUMENTS (CONTINUED)

The remuneration of each director of the Company for the year ended 31 March 2020 is set out below:

	Fee HK$'000	Salaries HK$'000	Other benefits HK$'000	Contributions to defined contribution scheme HK$'000	Total (Note) HK$'000
Executive directors:					
Zhang Jinbing	–	–	–	–	–
Tian Wenxi[1]	–	98	–	–	98
Wu Tingjun[1]	–	8	–	–	8
Chau Tien Hsiang[2]	–	72	–	–	72
Niu Fang[3]	–	–	–	–	–
Independent non-executive directors:					
Yang Yanli	120	–	–	–	120
Chow Hiu Tung	120	–	–	–	120
Zhao Hangen	120	–	–	–	120
Total	360	178	–	–	538

1 Appointed on 24 December 2019.

2 Resigned on 28 April 2019.

3 Vacated on 20 November 2018.

Notes: The executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

11. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(B) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include none of (2020: none) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the five (2020: five) individuals during the year are as follows:

	2021 **HK$'000**	2020 HK$'000
Salaries and other benefits	3,374	3,211
Retirement benefit costs	87	84
	3,461	3,295

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands		
Below HK$1,000,000	**4**	4
HK$1,000,000 – HK$1,500,000	**1**	1

12. INCOME TAX

The amount of taxation charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2021 HK$'000	2020 HK$'000
Current tax		
Hong Kong	**508**	624
PRC Enterprise Income tax (the "EIT")	**2,943**	1,112
	3,451	1,736
Deferred tax		
Current year (Note 28)	**(307)**	(397)
	3,144	1,339

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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.

12. INCOME TAX (CONTINUED)

(B) The tax on the Group's profit before taxation differs from the theoretical amount that would arise using Hong Kong profits tax rate as follows:

	2021 HK$'000	2020 HK$'000
Profit before taxation	**13,394**	12,264
Tax at Hong Kong profits tax rate of 16.5%	**2,045**	1,859
Effect of different tax rates of subsidiaries operating on other jurisdictions	**967**	409
Tax effect of non-taxable income	**(956)**	(1,426)
Tax effect of non-deductible expenses	**2,126**	1,286
Tax effect of unused tax losses not recognised	**133**	285
Tax effect of prior year's unrecognised tax losses utilised in this year	**(775)**	(467)
Tax effect of temporary differences not recognised	**(366)**	(552)
Tax reduction	**(30)**	(60)
Others	**–**	5
Income tax expense	**3,144**	1,339

13. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the years ended 31 March 2021 and 2020.

14. OTHER COMPREHENSIVE INCOME/(EXPENSE)

Tax effect relating to each component of other comprehensive income/(expense) is as follows:

	2021			2020		
	Before tax amount HK$'000	**Tax expense HK$'000**	**Net of tax amount HK$'000**	Before tax amount HK$'000	Tax expense HK$'000	Net of tax amount HK$'000
Exchange differences on translation of financial statements of overseas subsidiaries	**591**	**–**	**591**	(91)	–	(91)
Release of translation reserve upon disposal of subsidiaries	**–**	**–**	**–**	(393)	–	(393)
Gain/(loss) on revaluation of a building held for own use	**1,303**	**–**	**1,303**	(1,785)	–	(1,785)
Other comprehensive income/(expense)	**1,894**	**–**	**1,894**	(2,269)	–	(2,269)

15. EARNINGS PER SHARE

(A) BASIC EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of HK$7,614,000 (2020: HK$9,376,000) and the weighted average number of ordinary shares in issue during the year of 801,534,000 shares (2020: 775,406,000 shares).

(B) DILUTED EARNINGS PER SHARE

There was no dilutive potential ordinary shares outstanding during the year as the Company did not have potential ordinary shares outstanding during the years ended 31 March 2021 and 2020. Accordingly, the diluted earnings per share is same as basic earnings per share for both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and building HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office and computer equipment HK$'000	Total HK$'000
Year ended 31 March 2020					
Opening net book amount	–	640	290	475	1,405
Additions	–	1,317	–	44	1,361
Transferred from investment properties	39,100	–	–	–	39,100
Disposals/written-off	–	(885)	(397)	(409)	(1,691)
Depreciation	(815)	(493)	(16)	(107)	(1,431)
Depreciation eliminated on disposal/written-off	–	465	130	201	796
Loss upon revaluation	(1,785)	–	–	–	(1,785)
Closing net book amount	36,500	1,044	7	204	37,755
At 31 March 2020					
Cost or valuation	36,500	1,317	9	470	38,296
Accumulated depreciation	–	(273)	(2)	(266)	(541)
Net book amount	36,500	1,044	7	204	37,755
Analysis of cost or valuation:					
At cost	–	1,317	9	470	1,796
At valuation	36,500	–	–	–	36,500
	36,500	1,317	9	470	38,296

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and building HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office and computer equipment HK$'000	Total HK$'000
Year ended 31 March 2021					
Opening net book amount	36,500	1,044	7	204	37,755
Depreciation	(1,203)	(472)	(2)	(85)	(1,762)
Impairment	–	(409)	–	–	(409)
Gain upon revaluation	1,303	–	–	–	1,303
Closing net book amount	36,600	163	5	119	36,887
At 31 March 2021					
Cost or valuation	36,600	1,317	9	470	38,396
Accumulated depreciation and impairment	–	(1,154)	(4)	(351)	(1,509)
Net book amount	36,600	163	5	119	36,887
Analysis of cost or valuation:					
At cost	–	1,317	9	470	1,796
At valuation	36,600	–	–	–	36,600
	36,600	1,317	9	470	38,396

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group' s land and building were revalued on 31 March 2021 and 2020 by an independent valuer on the basis of market comparable approach. Valuations were carried out by LCH (Asia-Pacific) Surveyors Limited ("**LCH**") (2020: Avista Valaution Advisory Limited), an independent firm of The Hong Kong Institute of Surveyors. If the buildings were stated under the cost model, the amounts would be as follows:

	2021 **HK$'000**	2020 HK$'000
Cost	**39,100**	39,100
Accumulated depreciation	**(2,018)**	(815)
Impairment loss	**(482)**	(1,785)
	36,600	36,500

Please refer to note 17 for details of fair value measurement of the land and building.

17. INVESTMENT PROPERTIES

The Group leases out offices under operating leases with rentals payable monthly. The leases typically run for an initial period of 2 to 3 years (2020: 2 to 3 years).

The Group is exposed to foreign currency risk as a result of the lease arrangements, as certain leases are denominated in the currency other than functional currency of the group entity. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term. The financial risk management objectives and policies of the Group in managing the currency risk are set out in note 34 to the consolidated financial statements.

	2021 **HK$'000**	2020 HK$'000
At the beginning of the year	**121,785**	156,212
Transferred to land and building	**—**	(39,100)
Changes in fair value included in profit or loss	**(3,314)**	4,673
At the end of the year	**118,471**	121,785

(A) The fair value of the Group's investment properties as at 31 March 2021 has been arrived at on the basis of a valuation carried out on the respective dates by LCH (2020: Avista Valuation Advisory Limited), independent qualified professional valuers not connected to the Group.

(B) Certain investment properties were pledged to secure banking facilities (note 32) granted to the Group.

17. INVESTMENT PROPERTIES (CONTINUED)

(C) During the year ended 31 March 2020, an investment property, which was previously held for rental income purpose, was transferred to land and building from investment properties as the property is currently used as office of the Group. The fair value of the said investment property of approximately HK$37,700,000 was revalued at date of reclassification on the basis of their open market value by Avista Valaution Advisory Limited, an independent qualified professional valuer. Accordingly, the fair value adjustment has been recognised in respect of the said investment property at the date of reclassification and the change in fair value of investment property of approximately HK$1,400,000 was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2020.

(D) FAIR VALUE MEASUREMENT OF PROPERTIES

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

17. INVESTMENT PROPERTIES (CONTINUED)

(D) FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

(i) Fair value hierarchy (continued)

	Fair value at 31 March 2021 HK$'000	Fair value measurements as at 31 March 2021 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Investment properties:				
— Commercial — PRC	**38,371**	**—**	**—**	**38,371**
— Commercial — Hong Kong	**72,900**	**—**	**—**	**72,900**
— Car parking spaces — Hong Kong	**7,200**	**—**	**—**	**7,200**
	118,471	**—**	**—**	**118,471**
Property held for own use:				
— Land and building — Hong Kong (note 16)	**36,600**	**—**	**—**	**36,600**

	Fair value at 31 March 2020 HK$'000	Fair value measurements as at 31 March 2020 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement				
Investment properties:				
— Commercial — PRC	42,785	—	—	42,785
— Commercial — Hong Kong	72,900	—	—	72,900
— Car parking spaces — Hong Kong	6,100	—	—	6,100
	121,785	—	—	121,785
Property held for own use:				
— Land and building — Hong Kong (note 16)	36,500	—	—	36,500

17. INVESTMENT PROPERTIES (CONTINUED)

(D) FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

(i) Fair value hierarchy (continued)

At 31 March 2021, the fair value of the vacant portion of the investment properties and a land and building located in Hong Kong is determined using sales comparison approach (also known as market approach) on the assumption that the properties could be sold with the benefit of vacant possession as at 31 March 2021. The sales comparison approach considers the sales, listings or offering of similar or substitute properties and related market data and establishes a value of a property that a reasonable investor would have to pay for a similar property of comparable utility and with an absolute title. The fair value of remaining of investment properties located in Hong Kong and PRC which were subject to tenancy agreements as at 31 March 2021, is determined using the term and reversion method of the income approach. The underlying assumption of this approach is that an investor will pay no more for the property than he or she would have to be paid for another property with an income stream of comparable amount, duration, and certainty.

At 31 March 2020, the fair value of certain investment properties and a land and building located in Hong Kong is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available adjusted for differences in the nature, location and condition of the related properties. The fair value of remaining of investment properties located in PRC is determined using income approach by discounting a projected cash flow series associated with the properties using risk — adjusted discount rates.

17. INVESTMENT PROPERTIES (CONTINUED)

(D) FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

(ii) Information about Level 3 fair value measurements for the year ended 31 March 2021

Investment properties	Valuation techniques	Unobservable input	Relationship of unobservable inputs to fair value
— Commercial — Hong Kong	Income approach	Taking into account the yield of 2.3% to 3.4% and unit rate per square feet ("sqf") of the similar properties, which ranged from HK$5,900 per sqf to HK$7,300 per sqf.	The lower the yield, the higher the fair value; and the higher the unit rate, the higher the fair value.
— Car parking spaces — Hong Kong (vacant portion)	Sales comparison approach	Taking into account the recent transaction prices for similar car parking spaces adjusted for location and conditions of the car parking spaces, which ranged from HK$2,010,000 to HK$3,460,000 per unit.	The closer to the ground floor, the higher the fair value.
— Car parking spaces — Hong Kong (leased portion)	Income approach	Taking into account the yield of 2.3% to 3.4% and unit rate per unit of the similar car parking spaces, which ranged from HK$2,010,000 per unit to HK$3,460,000 per unit.	The lower the yield, the higher the fair value; and the higher the unit rate, the higher the fair value.
— Commercial — PRC	Income approach	Taking into account the yield of 4.5% to 6.5% and unit rate per square meter ("sqm") of the similar properties, which ranged from RMB28,500 per sqm to RMB36,800 per sqm.	The lower the yield, the higher the fair value; and the higher the unit rate, the higher the fair value.

17. INVESTMENT PROPERTIES (CONTINUED)

(D) FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

(ii) Information about Level 3 fair value measurements for the year ended 31 March 2021 (continued)

Land and building	Valuation techniques	Unobservable input	Relationship of unobservable inputs to fair value
— Commercial — Hong Kong	Sales comparison approach	Taking into account the recent transaction prices for similar properties adjusted for nature, location, conditions and size of the properties, which ranged from HK$5,900 to HK$7,300 per sqf.	The lower level of the property, the higher the fair value; the older the building age, the lower the fair value; and the larger the property, the higher the fair value.

17. INVESTMENT PROPERTIES (CONTINUED)

(D) FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

(ii) Information about Level 3 fair value measurements for the year ended 31 March 2020

Investment properties	Valuation techniques	Unobservable input	Relationship of unobservable inputs to fair value
— Commercial — Hong Kong	Market comparison approach	Taking into account the recent transaction prices for similar properties adjusted for nature, location, conditions and size of the properties, which ranged from HK$3,600 to HK$5,600 per sqf.	The lower level of the property, the higher the fair value; the older the building age, the lower the fair value; and the larger the property, the higher the fair value
— Car parking spaces — Hong Kong	Market comparison approach	Taking into account the recent transaction prices for similar car parking spaces adjusted for location and conditions of the car parking spaces, which ranged from HK$1,880,000 to HK$2,200,000 per unit.	The closer to the ground floor, the higher the fair value
— Commercial — PRC	Income approach	Taking into account capitalization rate of 5% and market rent per sqm of the similar properties, which ranged from RMB137 per sqm to RMB179 per sqm.	The lower the capitalization rate, the higher the fair value; and the higher the market rent the higher the fair value

17. INVESTMENT PROPERTIES (CONTINUED)

(D) FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

(ii) Information about Level 3 fair value measurements for the year ended 31 March 2020 (continued)

Land and building	Valuation techniques	Unobservable input	Relationship of unobservable inputs to fair value
— Commercial — Hong Kong	Market comparison approach	Taking into account the recent transaction prices for similar properties adjusted for nature, location, conditions and size of the properties, which ranged from HK$3,600 to HK$6,500 per sqf.	The lower level of the property, the higher the fair value; the older the building age, the lower the fair value; and the larger the property, the higher the fair value

17. INVESTMENT PROPERTIES (CONTINUED)

(D) FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

(ii) Information about Level 3 fair value measurements (continued)

The movements during the period in the balance of these level 3 fair value measurements are as follows:

	2021 HK$'000	2020 HK$'000
Investment properties:		
— Commercial — Hong Kong		
At 1 April	72,900	108,800
Transfer to land and building	—	(39,100)
Fair value changes on investment properties	—	3,200
At 31 March	72,900	72,900
Investment properties:		
— Car parking spaces — Hong Kong		
At 1 April	6,100	5,200
Fair value changes on investment properties	1,100	900
At 31 March	7,200	6,100
Investment properties:		
— Commercial — PRC		
At 1 April	42,785	42,212
Fair value changes on investment properties	(4,414)	573
At 31 March	38,371	42,785
Property held for own use:		
— Land and building — Hong Kong (note 16)		
At 1 April	36,500	—
Transfer from investment properties	—	39,100
Depreciation	(1,203)	(815)
Gain/(Loss) upon revaluation	1,303	(1,785)
At 31 March	36,600	36,500

17. INVESTMENT PROPERTIES (CONTINUED)

(D) FAIR VALUE MEASUREMENT OF PROPERTIES (CONTINUED)

(ii) Information about Level 3 fair value measurements (continued)

There were no transfer into or out of level 3 during the years ended 31 March 2021 and 2020.

Fair value adjustment of investment properties is recognised in the line item "fair value of gain/(loss) on investment properties" in profit or loss on the face of the consolidated statement of profit or loss and other comprehensive income.

Fair value adjustment of property held for own use is recognised in other comprehensive income/(expense) on revaluation of land and building held for own use.

(E) THE ANALYSIS OF NET BOOK VALUE OF PROPERTIES IS AS FOLLOWS:

	2021 **HK$'000**	2020 HK$'000
In Hong Kong		
— medium-term leases	**116,700**	115,500
Outside Hong Kong		
— medium-term leases	**38,371**	42,785
	155,071	158,285

18. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
Cost	
As at 1 April 2019	—
Adoption of HKFRS 16	5,444
As at 31 March 2020 and 31 March 2021	5,444
Accumulated depreciation and impairment	
As at 1 April 2019	—
Depreciation charge	1,361
As at 31 March 2020	1,361
Depreciation charge	1,815
Impairment	1,618
As at 31 March 2021	4,794
Carrying value	
At 31 March 2021	650
At 31 March 2020	4,083

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases	**1,815**	1,512
Total cash outflow for leases	**3,904**	2,965

The Group entered into a lease arrangement for the use of retail store in Hong Kong for three years. The Group is required to make fixed monthly payments during the contract period. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased properties	Over the lease term of 3 years

18. RIGHT-OF-USE ASSETS (CONTINUED)

As at 31 March 2021, the carrying amount of assets before impairment loss related to the use of retail store in Hong Kong included property, plant and equipment and right-of-use assets amounting to HK$572,000 and HK$2,268,000 respectively. The Group regards the retail store as a separately identifiable cash-generating unit. Management carried out an impairment assessment for the retail store assets, including property, plant and equipment and right-of-use assets, which have an impairment indicator. Given the potential adverse impact on the performance of the Group's retail stores as a result of the COVID-19 epidemic, management performed impairment assessment for the retail store in Hong Kong.

The carrying amount of the retail store assets is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The estimates of the recoverable amounts were based on value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management covering the remaining tenure of the lease, with major assumptions such as budgeted revenue, gross profit margin and net profit margin. The budgeted revenue is based on the estimated timing of easing quarantine restrictions at the borders and the recovery of Mainland tourist arrivals and the consequential effect on the foot traffic of the Group's retail store. The budgeted gross profit margin and net profit margin are based on estimated cost and historical data.

As a result, an impairment loss of property, plant and equipment and right-of-use assets of HK$409,000 (note 16) and HK$1,618,000 (2020: Nil) respectively were recognised in profit or loss.

19. INVENTORIES

	2021 **HK$'000**	2020 HK$'000
Raw materials	**6,673**	1,406
Finished goods	**20,655**	20,140
	27,328	21,546

20. TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	**158,369**	87,829
Less: Allowance for credit losses	**(3,503)**	(613)
Trade receivables, net	**154,866**	87,216
Trade deposits (Note)	**15,953**	7,365
Other receivables, net (Note)	**1,332**	17,495
Prepayments	**278**	216
Rental, utility and sundry deposits	**264**	115
	17,827	25,191
Total	**172,693**	112,407

Note: As at 31 March 2021, included in trade deposit of approximately HK$Nil (2020: HK$5,648,000) and other receivables of approximately HK$444,000 (2020: HK$17,064,000) relating to the trading of electronic parts for which the Group is considered as an agent to arrange the trades.

As at 31 March 2021, included in trade deposit of approximately HK$14,093,000 (2020: HK$Nil) is deposit for marketing service.

AGEING ANALYSIS

At the end of the reporting period, the ageing analysis of trade receivables based on the invoice date and net of allowance for credit losses, is as follows:

	2021 HK$'000	2020 HK$'000
Within 1 month	**15,823**	32,693
1 to 3 months	**34,160**	25,070
3 to 6 months	**68,053**	29,453
Over 6 months	**36,830**	—
	154,866	87,216

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

AGEING ANALYSIS (CONTINUED)

The trade receivables were denominated in US$, HK$ and RMB.

The majority of the Group's sales to overseas customers are generally on open account of 120 days (2020: 120 days) from the date of invoice. The credit period granted to local customers is 90 days (2020: 90 days). The credit period granted to marketing service customers is ranging from 0 to 5 days from the date of completion and due on date of invoice.

Details of impairment assessment are set out in note 34 (B) (d).

21. BANK BALANCES AND CASH

Cash and cash equivalents and pledged bank deposit are denominated in the following currencies:

	2021 **HK$'000**	2020 HK$'000
United States Dollars	**4,424**	1,621
Renminbi *(i)*	**663**	2,310
Hong Kong Dollars	**2,215**	8,341
Euro	**307**	—
	7,609	12,272

(i) The conversion of bank balances and cash of the Group denominated in Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC.

Details of impairment assessment are set out in note 34 (B) (d).

22. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	**60,385**	26,598
Bills payables	**9,698**	10,404
Trade and bills payables	**70,083**	37,002
Rental deposits received	**—**	261
Accrued expenses	**3,145**	3,768
Other payables	**706**	4,710
	3,851	8,739
Total trade and other payables	**73,934**	45,741

At the end of the reporting period, the ageing analysis of trade and bills payables based on the invoice date is as follows:

	2021 HK$'000	2020 HK$'000
Within 1 month	**9,342**	28,766
1 to 3 months	**30,422**	8,236
3 to 6 months	**16,780**	—
Over 6 months	**13,539**	—
	70,083	37,002

All trade and bills payables were mainly denominated in HK$, US$ and RMB.

For purchases from overseas suppliers, trade payables are normally settled on terms of 30 to 60 days (2020: 30 to 60 days) from the date of bill of lading. For purchases from local suppliers, the credit period was 30 days (2020: 30 days). For marketing service providers, the credit period was 0 day from the date of completion or date of invoice.

23. CONTRACT LIABILITIES

	2021	2020
	HK$'000	HK$'000
Sales of garments	**860**	766
Marketing services income	**3,965**	—
	4,825	766

The Group receives a designated amount of the contract value from customers in advance. The advances result in contract labilities being recognised as revenue until the customer obtains control of a promised garment products (for sales of garments) or the marketing services are taken place (for marketing services income) and the entity satisfies a performance obligation.

Increase in contract liabilities at 31 March 2021 as a result of billing in advance from customers of marketing services segment.

24. LEASE LIABILITIES

	2021	2020
	HK$'000	HK$'000
Lease liabilities payable:		
Within one year	**1,953**	1,842
Within a period of more than one year but not more than two years	**413**	1,953
Within a period of more than two years but not more than five years	**—**	413
	2,366	4,208
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,953)**	(1,842)
Amount due for settlement after 12 months shown under non-current liabilities	**413**	2,366

The weighted average incremental borrowing rates applied to lease liabilities was 5.88% (2020: 5.88%).

25. AMOUNT DUE TO A SHAREHOLDER

	2021 HK$'000	2020 HK$'000
Due to a shareholder		
Always Profit Development Limited	**156,627**	147,673

As at 1 April 2019, the amount due to a shareholder were unsecured, interest-free and had a term of 12 months from the date of drawdown. The effective interest rate was 5.88%.

On 1 October 2019, the Group entered into an agreement with the shareholder to agree to modify the repayment term of the loans as repayable on demand. As at 31 March 2021 and 2020, the balance is unsecured, interest-free and repayable on demand.

26. AMOUNT DUE TO A RELATED COMPANY

As at 31 March 2020, the amount due to a related company were unsecured, bearing interest rates from nil to 4.25% and repayable on demand. Mr. Zhang Jinbing is the controlling shareholder of the related company.

27. CONTINGENT CONSIDERATION PAYABLE

	HK$'000
At fair value	
At 1 April 2020	—
Acquisition of non-controlling interest (note 33)	164
Change in fair value	383
At 31 March 2021	547
Analysed as:	
Non-current	547

It represents the second batch incentive shares payable under the sale and purchase agreement related to the acquisition of a further 40% of equity interests in a subsidiary, GBR (HK) Limited ("**GBR**") (note 33), the Group is committed to issue of 8,608,923 shares of the Company's shares as contingent payment to the sellers if the profits after tax of GBR and its subsidiary for each of the two years ending 31 March 2021 and 2022 is not less than HK$8.20 million and HK$9.84 million respectively

The contingent consideration payable represents the fair value of the profit guarantees in accordance with the share purchase agreements for the acquisition of a further 40% of equity interests in GBR which is estimated by LCH. As at 31 March 2021, the fair value of the contingent consideration payable was estimated by applying Monte-Carlo simulation analysis.

The variables and assumptions used in computing the fair value of the contingent consideration payable are based on the management's best estimate. The value of the contingent consideration payable varies with different variables of certain subjective assumptions.

The fair value of contingent consideration payable is a level 3 recurring fair value measurement. The key input and assumptions used by LCH included cost of equity of the Company of 18%, and expected volatility of the Company's shares of 76%.

An increase in the cost of equity of the Company used in isolation would result in an increase in the fair value measurement of the contingent consideration payable, and vice versa. A 5% increase/decrease in the cost of equity of the Company holding all other variables constant would increase/decrease the carrying amount of the contingent consideration payable by approximately HK$9,000.

An increase in the expected volatility of the Company's share used in isolation would result in a decrease in the fair value measurement of the contingent consideration payable, and vice versa. A 5% increase/decrease in the expected volatility of the Company's share holding all other variables constant would decrease/increase the carrying amount of the contingent consideration payable by approximately HK$3,000.

28. DEFERRED TAX (ASSETS)/LIABILITIES

The following are the major deferred tax liabilities and (assets) recognised by the Group:

	Depreciation allowance in excess of the related depreciation HK$'000	Revaluation of properties HK$'000	Unused tax losses HK$'000	Total HK$'000
At 1 April 2019	(12)	5,419	(1,049)	4,358
Charge to profit or loss	(11)	(577)	191	(397)
At 31 March 2020	(23)	4,842	(858)	3,961
(Credit)/charge to profit or loss	(141)	(410)	244	(307)
At 31 March 2021	(164)	4,432	(614)	3,654

The following is the analysis of the deferred tax liabilities for financial reporting purpose:

	2021 HK$'000	2020 HK$'000
Deferred tax liabilities	**3,654**	3,961

At the end of the reporting period, the Group has unused tax losses of approximately HK$197,091,000 (2020: approximately HK$202,458,000) available for offset against future profits. No deferred tax assets have been recognised for the tax losses of HK$194,687,000 (2020: approximately HK$198,577,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards.

Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB10,779,000 (equivalent to HK$12,266,000) (2020: RMB3,351,000 (equivalent to HK$3,762,000)) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. SHARE CAPITAL

AUTHORISED AND ISSUED CAPITAL

	Number of shares	Ordinary shares HK$'000
Authorised:		
At 31 March 2021 and 2020		
Ordinary shares of HK$0.1 each	3,000,000,000	300,000
Issued and fully paid:		
At 1 April 2019 and 31 March 2020	775,406,000	77,540
Issue of shares		
– shares issued in placing arrangement (note i)	155,080,000	15,508
– upon acquisition of non-controlling interest (note ii)	25,826,771	2,583
At 31 March 2021	956,312,771	95,631

Notes:

(i) On 25 January 2021, pursuant to a placing agreement dated 20 January 2021 between the Company and a placing agent, the Company issued an aggregate of 155,080,000 new ordinary shares of HK$0.1 each at a price of HK$0.465 per share to independent parties. The proceeds would be used to partially repay the outstanding loans in the approximate sum of HK$174.9 million as of 30 September 2020 due to Always Profit Development Limited, the Company's controlling shareholder and Chong Kin Group Holdings Limited ("Chong Kin"), a related company of the Company, for which, Mr. Zhang Jinbing, the Company's controlling shareholder is also a controlling shareholder of Chong Kin. Details of the share placement were contained in the Company's announcements dated 20 January 2021 and 26 January 2021.

(ii) As stated in note 33, during the year ended 31 March 2021, the Company issued 25,826,771 ordinary shares of HK$0.10 each for the acquisition of further 40% equity interest in a subsidiary, GBR (HK) Limited.

(iii) The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the amount due to a shareholder and amount due to a related company disclosed in note 25 and 26 respectively, equity attributable to equity holders of the Company comprising share capital and reserves.

The Board of the Company reviews the capital structure periodically. As part of the review, the Board assesses the annual budget prepared by the finance department taking into account the provision of funding.

The Group is not subject to any externally imposed capital requirements.

31 SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") which became effective on 28 September 2016 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The maximum number of shares in respect of which options may be granted must not exceed 10% of the issued share capital of the Company as at the date of adoption of the Share Option Scheme. The offer of a grant may be accepted upon payment of a nominal consideration of HK$1 per acceptance. The exercise period of the share options granted is determinable by the Board, and commences on a specified date and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price will be determined by the Board, but shall not be less than the highest of (i) the closing prices of the Company's shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a trading day; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No share options were granted nor exercised during each of the two years ended 31 March 2021 and 31 March 2020. No share options were outstanding as at 31 March 2021 and 31 March 2020.

32. BANKING FACILITIES

At 31 March 2021, the Group's banking facilities amounted to approximately HK$65,000,000 (2020: approximately HK$60,000,000) were secured by the following:

(a) first legal charge over the Group's investment properties and a land and building in Hong Kong with an aggregate carrying value of approximately HK$116,700,000 (2020: approximately HK$115,500,000);

(b) corporate guarantees from the Company and certain of its subsidiaries; and

(c) personal guarantee from the ultimate controlling party Mr. Zhang Jinbing, who is also the Executive Director of the Company.

The Company has executed guarantees with respect to certain banking facilities of its subsidiaries. Such facilities utilised at 31 March 2021 amounted to approximately HK$9,698,000 (2020: approximately HK$10,404,000).

33. ACQUISITION OF NON-CONTROLLING INTERESTS

On 5 March 2021, the Group acquired a further 40% of equity interests in a subsidiary, GBR (HK) Limited, which is engaged in provision of marketing and promotional services, increasing its equity interests from 60% to 100%. The consideration is satisfied by allotment and issue of 25,826,771 shares of the Company (note 29), and additional shares of the Company on a contingency basis (note 27). The difference of approximately HK$5,578,000 between the proportionate share of the carrying amount of its net assets and the consideration paid for the additional interests have been debited to other reserve.

The transactions have been accounted for as equity transactions with the non-controlling interests as follows:

	HK$'000
Consideration paid for 40% equity interest	9,840
Contingent consideration payable (note 27)	164
Less: net assets attributable to 40% ownership interest	(4,426)
Decrease in equity attributable to owners of the Company (included in other reserve)	5,578

34. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2021 HK$'000	2020 HK$'000
Financial assets		
— At amortised cost	**163,807**	116,983
Financial liabilities		
— At amortised cost	**232,927**	270,422
— At fair value through profit or loss	**547**	—

(B) FINANCIAL RISK MANAGEMENT

The Group's activities expose to a variety of financial risks including foreign exchange risk, liquidity risk, cash flow and fair value interest rate risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) FOREIGN EXCHANGE RISK

Foreign exchange risk arises from transactions, recognised assets and liabilities that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate, primarily with respect to the United States Dollars ("**US$**"), Renminbi ("**RMB**") and Hong Kong Dollars ("**HK$**"). Any changes in the exchange rates of HK$ to US$ and RMB will impact the Group's operating results.

As HK$ is pegged to US$, foreign exchange exposure on US$ denominated transactions, assets or liabilities is considered as minimal. The volume of RMB denominated transactions and recognised assets and liabilities is not significant, therefore, the foreign exchange risk is still considered as minimal. The Group currently does not undertake any foreign currency hedging.

(b) LIQUIDITY RISK

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) LIQUIDITY RISK (CONTINUED)

The Group relies on bills payables, loans from a shareholder and a related company as significant sources of liquidity. As at 31 March 2021, the Group has available unutilised banking facilities of approximately HK$55,302,000 (2020: HK$49,596,000). Details of which are set out in note 32. The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

	2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000	Carrying amount at 31 March HK$'000
Trade and bills payables	70,083	–	–	–	70,083	70,083
Other payables and accrued charges	3,851	–	–	–	3,851	3,851
Amount due to a shareholder	156,627	–	–	–	156,627	156,627
Lease liabilities	2,040	417	–	–	2,457	2,366
Contingent consideration payable	–	547	–	–	547	547
	232,601	964	–	–	233,565	233,474

34. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) LIQUIDITY RISK (CONTINUED)

	2020					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000	Carrying amount at 31 March HK$'000
Trade and bills payables	37,002	–	–	–	37,002	37,002
Other payables and accrued charges	8,739	–	–	–	8,739	8,739
Amount due to a shareholder	147,673	–	–	–	147,673	147,673
Amount due to a related company	72,800	–	–	–	72,800	72,800
Lease liabilities	2,040	2,040	417	–	4,497	4,208
	268,254	2,040	417	–	270,711	270,422

The directors have given careful consideration on the measures currently undertaken by the Group in respect of the Group's liquidity position. As detailed in note 3, the directors believe that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future.

(c) INTEREST RATE RISK

The Group do not expose any fair value interest rate risk in relation to its borrowings for the years ended 31 March 2021 and 2020.

The Group is exposed to cash flow interest rate risk in relation to its variable rate bank balances. The Group considered that the effect of the cash flow interest rate is minimal and no sensitivity analysis to interest rate risk is presented.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) CREDIT RISK

The Group is exposed to concentrations of credit risk. At 31 March 2021, the Group had a concentration of credit risk as 39% (2020: 34%) of the Group's trade receivables were due from one (2020: two) major customers. Furthermore, 95% (2020: 95%) of the Group's other receivables were due from four debtors (2020: three debtors).

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2021 in relation to each class of recognised financial assets is the carrying amount of these assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group regularly reviews the credit terms and credit limits granted to individual customers. There are policies in place to ensure that sales are made to customers with satisfactory credit record.

The Group performs impairment assessment under ECL model on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significant reduced. The Group does not hold any collaterals over these balances.

For other receivables, the management of the Group make periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management of the Group believe that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. Impairment loss of approximately HK$4,000 (2020: HK$40,000 was recognised) was reversed during the year.

The credit risk of the bank balances is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

The Group engaged an independent external valuer to assist in estimation of ECL of trade and other receivables.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) CREDIT RISK (CONTINUED)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Internal credit rating	12m or lifetime ECL	**2021 Gross carrying amount**		2020 Gross carrying amount	
			HK$'000	**HK$'000**	HK$'000	HK$'000
Financial assets at amortised cost						
Bank balances and cash	N/A	12m ECL		**7,609**		12,272
Other receivables	Low risk	12m ECL		**1,368**		17,535
Trade receivables	Note	Lifetime ECL – not credit impaired	**158,052**		87,512	
	Loss	Credit-impaired	**317**	**158,369**	317	87,829

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix grouped by customer portfolio and past due status.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) CREDIT RISK (CONTINUED)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired) for garment business and marketing services. The ECL on trade receivables for the business segment of property investment are insignificant and thus no loss allowance was recognised. Debtors with credit-impaired with gross carrying amounts of HK$317,000 as at 31 March 2021 (2020: HK$317,000) were assessed individually.

	Garment business					
	2021			2020		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current	0.43%	59,689	256	0.23%	49,404	116
0 to 30 days past due	1.43%	14,511	207	0.34%	18,652	64
31 to 60 days past due	2.02%	27,022	545	0.45%	5,951	27
61 to 90 days past due	3.42%	12,170	416	—	—	—
Over 91 days past due	4.01%	33,348	1,337	—	—	—
		146,740	2,761		74,007	207

	Marketing services					
	2021			2020		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current	0.91%	4,087	37	0.42%	8,320	35
0 to 30 days past due	5.74%	3,154	181	—	—	—
31 to 60 days past due	6.90%	1,392	96	—	—	—
61 to 90 days past due	7.98%	1,391	111	1.31%	4,127	54
		10,024	425		12,447	89

34. FINANCIAL INSTRUMENTS (CONTINUED)

(B) FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) CREDIT RISK (CONTINUED)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 March 2021, the Group recognised approximately HK$2,890,000 (2020: reversed approximately HK$105,000) loss allowance for trade receivable based on the provision matrix. Loss allowance of approximately HK$Nil (2020: HK$317,000) was made on a credit impaired debtor.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2021 Lifetime ECL Total HK$'000	2020 Lifetime ECL Total HK$'000
Balance at 1 April	**613**	401
Impairment losses recognised during the year	**2,890**	212
Balance at 31 March	**3,503**	613

Movement in the loss allowance account in respect of other receivables during the year is as follows:

	2021 Total and 12m ECL HK$'000	2020 Total and 12m ECL HK$'000
Balance at 1 April	**40**	—
Impairment loss (reversed)/recognised during the year	**(4)**	40
Balance at 31 March	**36**	40

35. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the Group's financial instruments at amortised cost are not materially different from their fair values.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(A) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to a related company HK$'000	Amount due to a shareholder HK$'000	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 April 2019	69,666	95,971	32,972	–	198,609
Changes from financing cash flow:					
Repayment of bank borrowings	–	–	(32,972)	–	(32,972)
Proceeds from loans from a shareholder	–	76,355	–	–	76,355
Repayment of loans from a shareholder	–	(26,529)	–	–	(26,529)
Repayment of lease liabilities	–	–	–	(1,236)	(1,236)
Interest paid	–	–	(733)	(217)	(950)
Total changes from financing cash flows	–	49,826	(33,705)	(1,453)	14,668
Other changes					
Fair value adjustment at initial recognition	–	(1,376)	–	–	(1,376)
New lease entered	–	–	–	5,444	5,444
Interest expenses	3,134	3,252	733	217	7,336
Total other changes	3,134	1,876	733	5,661	11,404
At 31 March 2020	72,800	147,673	–	4,208	224,681

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(A) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	Amount due to a related company HK$'000	Amount due to a shareholder HK$'000	Bank borrowings HK$'000	Lease liabilities HK$'000	Total HK$'000
Changes from financing cash flow:					
At 1 April 2020	72,800	147,673	–	4,208	224,681
Proceeds from bank borrowings	–	–	60,414	–	60,414
Repayment of bank borrowings	–	–	(60,414)	–	(60,414)
Repayment of loan from a related Company	(72,800)	–	–	–	(72,800)
Proceeds from loans from a shareholder	–	18,995	–	–	18,995
Repayment of lease liabilities	–	–	–	(1,842)	(1,842)
Interest paid	(1,632)	–	(1,008)	(198)	(2,838)
Total changes from financing cash flows	(74,432)	18,995	(1,008)	(2,040)	(58,485)
Other changes					
Disposal of subsidiaries	–	(10,041)	–	–	(10,041)
Interest expenses	1,632	–	1,008	198	2,838
Total other changes	1,632	(10,041)	1,008	198	(7,203)
At 31 March 2021	–	156,627	–	2,366	158,993

37. COMMITMENTS UNDER OPERATING LEASES

THE GROUP AS LESSOR

All of the properties held for rental purposes have committed lessees for the next three years. Certain of the Group's properties held for rental purposes.

Minimum lease payments receivable on leases are as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**4,114**	4,353
In the second year	**2,039**	2,568
In the third year	**847**	870
	7,000	7,791

38. SUMMARY FINANCIAL INFORMATION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**58**	86
Investment in subsidiaries	**78,336**	38,985
	78,394	39,071
Current assets		
Other receivables	**203**	200
Amounts due from subsidiaries	**156,747**	112,552
Cash and cash equivalents	**1,347**	93
	158,297	112,845
Total assets	**236,691**	151,916
CAPITAL AND RESERVES ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS		
Share capital	**95,631**	77,540
Reserves *(Note)*	**(17,701)**	(115,101)
Total equity/(deficits)	**77,930**	(37,561)
LIABILITIES		
Current liabilities		
Other payables	**1,623**	2,004
Amounts due to subsidiaries	**1**	7,992
Amount due to a related company	**—**	72,800
Amount due to a shareholder	**157,137**	106,681
	158,761	189,477
Total liabilities	**158,761**	189,477
Total equity and liabilities	**236,691**	151,916
Net current liabilities	**(464)**	(76,632)
Total assets less current liabilities	**77,930**	(37,561)

38. SUMMARY FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

Note: The Company's reserves movement is as follows:

	Share Premium	Contributed Surplus Reserve (Note a)	Capital Reserve (Note b)	Accumulated Losses (Note c)	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2019	66,894	67,992	8,878	(291,627)	(147,863)
Total comprehensive income for the year	—	—	—	31,386	31,386
Equity contribution from a shareholder	—	—	1,376	—	1,376
At 31 March 2020 and 1 April 2020	**66,894**	**67,992**	**10,254**	**(260,241)**	**(115,101)**
Total comprehensive income for the year	—	—	—	34,337	34,337
Issue of shares under share placement	56,604	—	—	—	56,604
Transaction costs attributable to issue of shares	(798)	—	—	—	(798)
Acquisition of non-controlling interests	7,257	—	—	—	7,257
At 31 March 2021	**129,957**	**67,992**	**10,254**	**(225,904)**	**(17,701)**

a. ***Contributed surplus reserve***

It represents the excess of the consolidated net assets value of Takson (B.V.I.) Limited upon its merger with the Company over the nominal value of the Company's shares issued in the exchange thereof. Under the Companies Act 1981 of Bermuda (as amended) and the Bye-laws of the Company, the contributed surplus is distributable to the equity holders, unless there are reasonable grounds for believing that (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

b. ***Capital reserve***

It represents the differences between the loans nominal amount of approximately HK$183,162,000 and the fair value of approximately HK$172,908,000 of loans granted by a shareholder. At origination, the Group calculated its present value using the current market rate for similar instruments, the difference between the loan nominal amount and present value of approximately HK$10,254,000 is treated as equity contribution from the shareholder and credited to the capital reserve account.

c. ***Accumulated losses***

At 31 March 2021, the Company had no reserves available for distribution to shareholders (2020: Nil).

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group:

Name of subsidiary	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Issued share capital/ registered capital	Attributable equity interest held by the Company	
Interest held directly				**2021**	2020
Takson (B.V.I.) Limited	BVI	Investment holding	US$1,000	**100%**	100%
Interest held indirectly					
Takson Garment Manufacturing Company, Limted	Hong Kong	Sourcing and sales of garments in the PRC, property investment in the PRC	HK$200,000	**100%**	100%
Gold Wealth Holdings Limited	Hong Kong	Property investment in Hong Kong	HK$1	**100%**	100%
King Crest Limited	Hong Kong	Property investment in Hong Kong	HK$1	**100%**	100%
GBR (HK) Limited ("**GBR (HK)**")	Hong Kong	Investment holding and trading of garments	HK$100	**100%**	60%
Gold Pine International Holdings Limited	Hong Kong	Trading of garments	HK$1	**100%**	100%
Takson Sportswear Limited	BVI	Property investment in Hong Kong	US$50,000 (Paid up US$1)	**100%**	100%

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Issued share capital/ registered capital	Attributable equity interest held by the Company	
Unite Smart Limited	Hong Kong	Sourcing, subcontracting and sales of garments	HK$500,000	**100%**	100%
Guangzhou Tianze Shangwu Limited ("**Guangzhou Tianze**")[1, 2]	PRC	Provision of marketing services	US$1,000,000	**100%**	60%

1: The company is registered as Taiwan, Hong Kong and Macau sole proprietorship owned enterprise established under the laws of the PRC with limited liability and indirectly acquired through acquisition of GBR (HK).

2: For identification purpose only.

The following table lists out the summarised financial information of a subsidiary, GBR (HK) and its wholly-owned subsidiary, Guangzhou Tianze, in which the Group has material non-controlling interests as at 31 March 2020. The amounts disclosed are before any inter-company elimination.

	2020 HK$'000
Non-controlling interests percentage	40%
Current assets	12,547
Current liabilities	(8,759)
Net assets	3,788
Carrying amount of non-controlling interests	1,516
Revenue	12,113
Profit for the year	3,880
Total comprehensive income for the year	3,787
Profit allocated to non-controlling interests	1,549
Cash flows from operating activities	(390)
Cash flows from financing activities	607

40. RELATED PARTY AND CONNECTED TRANSACTIONS

(A) KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration for key management personnel of the Group, including amounts paid to the Company's directors and certain of the highest paid employees as disclosed in note 11, is as follows:

	2021 HK$'000	2020 HK$'000
Short-term employee benefits	**1,976**	1,377
Post-employment benefits	**33**	18
	2,009	1,395

(B) OUTSTANDING BALANCE WITH RELATED PARTIES

	2021 HK$'000	2020 HK$'000
Amount due to a shareholder	**156,627**	147,673
Amount due to a related company	**–**	72,800
Trade (payables)/receivables from Guangzhou Wyan Culture & Media Co., Ltd ("Guangzhou Wyan"), a related company in which the executive director of the Company is a director (Includes the PRC value-added tax and before net of loss allowance)	**(147)**	2,518

40. RELATED PARTY AND CONNECTED TRANSACTIONS (CONTINUED)

(C) RELATED PARTY TRANSACTIONS

	notes	**2021** **HK$'000**	2020 HK$'000
a) Guangzhou Wyan, a related company in which the executive director of the Company is a director			
— Marketing service income	(i)	**—**	2,436
— Cost of marketing service	(i)	**5,967**	—
b) 廣州萬燕新媒體科技有限公司 a related company in which the executive director of the Company is a director			
— Cost of marketing service	(i)	**2,162**	804
c) Whoa Asia Limited ("**Whoa Asia**"), a related company in which the key management of the Group was a shareholder until 19 September 2019			
— Purchases of garments	(ii)	**N/A**	34,694

(i) Marketing service charged to/from Guangzhou Wyan and 廣州萬燕新媒體科技有限公司 were conducted on mutually agreed terms and were charged at a negotiated value.

(ii) Purchases of garments from Whoa Asia were conducted in the normal course of business at negotiated values.

(D) CONNECTED TRANSACTIONS

During the year, the Company disposed the subsidiary, Sunwise Illusion Limited, to Mr. Zhang Jinbing, the executive director of the Company (note 8(A)(b)); and acquired a further 40% of equity interests in a subsidiary, GBR (HK) Limited, from Wenxi Investment Management Co., Ltd, which is solely owned by an executive director of the Company (note 33).

41. DISPOSAL OF EQUITY INTEREST OF A SUBSIDIARY WITHOUT LOSING CONTROL

During the year ended 31 March 2020, an independent third party acquired 40% issued shares of GBR (HK), a subsidiary of the Company, with the consideration of HK$24,000, the Group's equity interests in GBR (HK) was diluted from 100% to 60%. The difference between the consideration receivable and the carrying value of net assets partially disposed of in an equity transaction with non-controlling interests resulted from the change in the Group's ownership interest in GBR (HK) that do not result in a loss of control over GBR amounting to approximately HK$20,000 was recognised in accumulated losses and an increase of approximately HK$4,000 was recognised in the non-controlling interests.

42. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the board of directors proposed reorganisation of the share capital of the Company involving the share consolidation, the capital reduction, the share subdivision, the reduction of share premium account and the credit transfer, and proposed rights issue on the basis of three right shares for every one adjusted share to be held on a record date, details of which are set out in the Company's announcements dated 8 April 2021, 28 April 2021 and 10 May 2021.

FIVE-YEAR FINANCIAL SUMMARY

The results, assets and liabilities of the Group for each of the last five financial years are as follows:

	2021	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	**276,890**	210,179	96,434	19,133	112,447
Profit/(loss) attributable to equity holders	**7,614**	9,376	(28,249)	13,339	(12,749)
Assets and Liabilities					
Total assets	**364,318**	310,528	239,786	200,723	128,758
Total liabilities	**(248,056)**	(277,560)	(210,578)	(146,720)	(101,195)
Net assets	**116,262**	32,968	29,208	54,003	27,563

INVESTMENT PROPERTIES

Particulars of investment properties held by the Group at 31 March 2021 and 31 March 2020 are as follows:

Location	Gross floor area (sq. ft.)	Type	Tenure
Workshop Units Nos. 11 and 12 On 5th Floor, South Wing, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong	13,665	Commercial	Medium Lease
Car Parking Spaces Nos. P19 and P20 On Basement Floor, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong	N/A	Car parking space	Medium Lease
Car Parking Space No. L14 On Ground Floor, Harbour Centre, Tower One, 1 Hok Cheung Street, Hunghom, Kowloon, Hong Kong	N/A	Car parking space	Medium Lease
中華人民共和國 上海市 延安西路726號 華敏翰尊國際大廈東樓 23層E室, F室, G室, H室, I室及L室	11,116	Commercial	Medium Lease