



皓天財經集團

WONDERFUL SKY FINANCIAL GROUP HOLDINGS LIMITED  
(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 01260

# 2022 ANNUAL REPORT



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# FINANCIAL SUMMARY

	Year ended 31 March				2022 HK\$'000
	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	
<b>RESULTS</b>					
Revenue	479,595	651,393	450,493	371,121	<b>303,597</b>
Profit (loss) before taxation	169,292	195,761	95,082	135,248	<b>(125,319)</b>
Taxation	(34,586)	(34,248)	(19,408)	(16,929)	<b>(3,604)</b>
Profit (loss) for the year	134,706	161,513	75,674	118,319	<b>(128,923)</b>

## FINANCIAL SUMMARY

	At 31 March				2022 HK\$'000
	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	
<b>ASSETS AND LIABILITIES</b>					
Total assets	2,378,967	1,932,610	1,899,324	2,004,674	<b>1,548,781</b>
Total liabilities	(1,026,927)	(434,582)	(414,939)	(361,035)	<b>(157,632)</b>
	1,352,040	1,498,028	1,484,385	1,643,639	<b>1,391,149</b>
Equity attributable to owners of the Company	1,352,040	1,498,028	1,484,385	1,643,639	<b>1,391,149</b>

# CORPORATE INFORMATION

## **BOARD OF DIRECTORS**

### *Executive Directors*

Liu Tianni (*Chairman and Chief Executive Officer*)

Liu Lin

### *Independent non-executive Directors*

Li Ling Xiu

Lam, Sally

Leung Tsz Wing

## **AUDIT COMMITTEE**

Leung Tsz Wing (*Chairman*)

Li Ling Xiu

Lam, Sally

## **NOMINATION AND REMUNERATION COMMITTEES**

Li Ling Xiu (*Chairman*)

Liu Tianni

Lam, Sally

Leung Tsz Wing

## **COMPANY SECRETARY**

Li Liju

## **INDEPENDENT AUDITOR**

Mazars CPA Limited

*Certified Public Accountants*

42nd Floor, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

## **PRINCIPAL BANKERS**

Bank of China (Hong Kong) Limited

The Hong Kong and Shanghai Banking Corporation Limited

China Construction Bank (Asia) Corporation Limited

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3

Building D, P.O. Box 1586

Gardenia Court, Camana Bay

Grand Cayman KY1-1110 Cayman Islands

# CORPORATE INFORMATION

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor  
Services Limited  
Shops 1712–1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

9/F, The Center  
No. 99 Queen's Road Central  
Hong Kong

## **REGISTERED OFFICE**

Grand Pavilion  
Hibiscus Way  
802 West Bay Road  
P.O. Box 31119  
Grand Cayman KY1-1205  
Cayman Islands

## **STOCK CODE**

1260

## **COMPANY WEBSITE**

<http://www.wsfg.hk>

# CHAIRMAN'S STATEMENT

## Dear Shareholders

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Wonderful Sky Financial Group Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”), I am pleased to present all shareholders with our annual report of the Group for the year ended 31 March 2022.

## RESULTS

The Group's results for the year attributable to owners of the Company decreased from a profit of approximately HK\$118.3 million for the year ended 31 March 2021 to a loss of approximately HK\$128.9 million for the year ended 31 March 2022, representing a decrease of approximately 209.0%.

## FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for ordinary shareholders of the Company for the year ended 31 March 2022 (2021: nil per share).

## BUSINESS REVIEW

The Group recorded a loss of approximately HK\$128.9 million for the year ended 31 March 2022 as compared to the profit of approximately HK\$118.3 million for the previous year. The Group's revenue decreased from approximately HK\$371.1 million for the year ended 31 March 2021 to approximately HK\$303.6 million for the year ended 31 March 2022, representing a decrease of approximately 18.2%.

The Group's business consists of two major business segments, namely, the financial communications service segment and the international roadshow service segment.

### Financial communications service segment

Our financial communications services include (i) public relations services; (ii) investor relations services; (iii) financial printing services and (iv) capital markets branding. During the year ended 31 March 2022, this business segment delivered a turnover of approximately HK\$302.4 million (2021: approximately HK\$363.9 million), representing a decrease of approximately 16.9%. The decrease in revenue of this business segment was attributed to the continuation of pandemic for the year, leading to suspension of normal activities. The profit of this business segment for the year ended 31 March 2022 was approximately HK\$110.1 million (2021: approximately HK\$105.8 million), representing a slight increase of approximately 4.0%.

# CHAIRMAN'S STATEMENT

## International roadshow service segment

Our international roadshow services include coordination, organisation and management of the overall logistics of roadshows for our clients. While we handle this for our clients, they would be able to focus on the presentation aspect of the roadshows. The revenue of this segment decreased by approximately 83.6%, to approximately HK\$1.2 million (2021: approximately HK\$7.2 million) for the year ended 31 March 2022, which was attributed to the outbreak of the pandemic, leading to the continuing suspension of international roadshow.

Aside from the profit generated from the two business segments, the Group also generated investment income of approximately HK\$46.9 million (2021: approximately HK\$79.1 million) from its bond securities for the year ended 31 March 2022. The Group made a loss of approximately HK\$42.9 million (2021: gain of approximately HK\$11.2 million) from its disposals of debt instruments at fair value through other comprehensive income ("FVTOCI") which comprising bond securities and unlisted fund. The bond securities comprise bonds listed on The Stock Exchange of Hong Kong Limited ("HKEx"), Singapore Exchange Securities Trading Limited ("SGX") or overseas exchanges. During the year ended 31 March 2022, a net loss on change in fair value of debts instruments at FVTOCI of approximately HK\$313.4 million (2021: a net gain on change in fair value of approximately HK\$32.4 million) was recognised in other comprehensive income and accumulated in the Group's reserve primarily due to a significant decline in market value of bond securities. At the year end, the Group performed impairment assessment on debt instruments at FVTOCI under the expected credit loss ("ECL") model individually. Based on the results of assessment, the Group recognised impairment loss of approximately HK\$183.1 million (2021: approximately HK\$5.0 million) in profit or loss in connection with the debt instruments at FVTOCI as the credit risk of the bond securities had increased significantly since initial recognition. The Group takes a prudent approach on its investments and reviews their performance regularly. Details of the Group's significant investment which exceeded 5% of total assets as at 31 March 2022 are as follows:

Name of significant investment	Investee's principle activities	Market value <i>HK\$</i>	Size of fair value relative to the total asset of the Group as at 31 March 2022	Fair value gain on the significant investment for the year ended 31 March 2022 <i>HK\$</i>	Interest income during the year ended 31 March 2022 <i>HK\$</i>
Silver Grant International Holdings Group Limited	Investment holding	117,144,189	7.56%	5,937,633	7,000,000

Investment in convertible bonds issued by Silver Grant International Holdings Group Limited is classified as financial assets at fair value through profit and loss. Its fair value gain included interest earned on the investment.

The total assets of the Group as at 31 March 2022 of approximately HK\$1,548.8 million is used as the denominator to calculate the relative size of each financial instrument on the Group's total assets as at 31 March 2022.



# CHAIRMAN'S STATEMENT

## FINANCIAL REVIEW

### Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and banking facilities provided by banks in Hong Kong and Singapore. The Group is financially sound and its cash position remains healthy. As at 31 March 2022, the Group's bank balances and cash amounted to approximately HK\$126.8 million (2021: approximately HK\$151.7 million), and the Group's time deposits amounted to approximately HK\$212.4 million (2021: Nil).

The Group's gearing ratio as at 31 March 2022 was 0% (2021: 0.2%), based on the short-term bank loans and bank overdrafts of the Group (net of bank balances and cash) and the equity attributable to owners of the Company.

### Exchange Rates Exposure

Most of the transactions of the Group were made in Hong Kong dollars, US dollars and Renminbi. As of 31 March 2022, the Group was not exposed to any material exchange risk on US dollars as the exchange rates of Hong Kong dollars and US dollars were relatively stable under the currency peg system. The Group does not currently have a hedging policy on Renminbi but its management monitors such exposure closely and will consider hedging such exposure should the need arise.

### Pledge of Assets

As at 31 March 2022, owned properties amounted to approximately HK\$570.4 million (31 March 2021: approximately HK\$592.1 million), investment property amounted to approximately HK\$27.1 million (31 March 2021: approximately HK\$27.7 million), and nil of bank deposit (31 March 2021: approximately HK\$0.5 million) were pledged as securities for bank facilities.

### Contingent Liabilities

As at 31 March 2022, the Group had no contingent liabilities.

## PROSPECTS

Looking back upon 2022, the impact of novel coronavirus pneumonia ("COVID-19") as well as political, social and economic uncertainties on the global IPO market, coupled with the rising geopolitical risks, continued to bring more challenges to the Group's performance. Despite this, the Group continued to occupy the relatively stable market shares in Hong Kong IPO market. In the meantime, the Group worked continuously to provide long-term financial services to listed companies.

## CHAIRMAN'S STATEMENT

The continuous outbreaks of COVID-19 have kept on restricting travels between Hong Kong and the mainland during the year. The Group has always been adhering to the principle that “the success of our clients is our greatest motivation”. Under such difficult situations, the management of the Group not only led the Company to resist huge market pressure, but also maintained its focus on seeking opportunities amidst difficulties. In the crisis of the pandemic and the resulting blockade, we seized the opportunities to give full debut to our own Wonderful Sky Cloud APP, so as to provide clients with “one-stop” cross-border online roadshows and performance live streaming services. The two major online services launched by the Group last year, the Wonderful Sky Think Tank and Wonderful Sky Ideas Summit, continue to offer an efficient and valuable communication channel for listed company clients and investors, and build the most authoritative think tank platform for capital market.

- “Wonderful Sky Think Tank”: Based on years of in-depth exploration of the capital market and its huge customer base, it integrates data, research and sharing, and has an intelligent network composed of leaders from investment banks, listed companies, industry associations and other sectors;
- “Wonderful Sky Ideas Summit”: It aims to promote the exchange of market views and information sharing between listed companies and investors to achieve mutual inspiration and a win-win situation.

Thanks to the long-term driving force of growth and opportunities generated by the interconnection of the capital markets between Hong Kong and the mainland, and further enhancement of Hong Kong's status as an international financial center, China supports further interconnection of markets between Hong Kong and the mainland, and is gradually expanding the scope of eligible securities under Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

In addition, while continuing to expand overseas and Hong Kong markets, the Group has also expanded its business scope in the mainland market. The Group has established professional teams at its business premises in Beijing, Shanghai, Shenzhen and Chengdu, and strive to provide better services for regional clients with the expanded teams. In the future, the Group will further strengthen its business layout in the mainland, make full use of the geographical advantages of its mainland subsidiaries and the cluster effect of the listed companies, and cement solid foundation for the expansion of the mainland market.

Looking ahead, capital markets will continue to be volatile due to global political, social and economic uncertainties, and will play more important roles in the context of the global economic turmoil. With its years of industry experience, professional expertise, and efficient service capabilities, the Group will continue to leverage on its experiences, skills, knowledge and the development of online technology to continuously expand new growth momentum, create new services with advantages, and consolidate its leading position in the industry.

# CHAIRMAN'S STATEMENT

## EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2022, the Group had 288 (2021: 224) full-time employees. Total staff costs (including Directors' emoluments) were approximately HK\$64.9 million (2021: approximately HK\$79.3 million). Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

## CLOSURE OF REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING ("AGM")

The AGM of the Company will be held on 23 September 2022. The register of members of the Company will be closed from 20 September 2022 to 23 September 2022 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 19 September 2022.

## EVENTS AFTER THE REPORTING PERIOD

Except for the "Proposed amendments to the terms and conditions of the Silver Grant convertible bonds" as disclosed in the Company's announcement dated 7 July 2022, there were no other significant events after the year ended 31 March 2022 and up to the date of this report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during year ended 31 March 2022.

## APPRECIATION

On behalf of the Board, I would like to thank all our staff for their dedication and contributions and our customers, suppliers, business associates and shareholders for their continuous support over the years.

**Liu Tianni**

*Chairman*

Hong Kong, 25 July 2022

# BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

## EXECUTIVE DIRECTORS

**Mr. Liu Tianni (劉天倪)**, aged 58, is the Chairman and Chief Executive Officer of the Company and has been an executive Director since January 2011. He is also a director of all subsidiaries of the Group. He is primarily responsible for developing new business areas, and formulating the Group's developmental goals and strategies. Mr. Liu has over 20 years of experience in the financial investment sector, Mr. Liu obtained a master's degree in Science (理學碩士學位) from Beijing Normal University (北京師範大學) in 1990. Mr. Liu has been the President of The Listed Companies Council, Hong Kong Chinese Enterprises Association since 2015. Mr. Liu has been an independent non-executive Director of Qingling Motors Company Limited (stock code: 1122) since May 2011, a company whose shares of which are listed on the Main Board of the HKEx. Mr. Liu has been elected as a member (Hong Kong) of the Chongqing Committee of the Chinese People's Political Consultative Conference on 19 March 2013. In addition, Mr. Liu is the sole director of and holds 51% of the entire issued share capital in Sapphire Star Investments Limited, a substantial shareholder of the Company.

**Ms. Liu Lin (劉琳)**, aged 47, has been an executive Director of the Company since 20 October 2015. She is currently the Chief Risk Officer and member of the investment committee of Jiangxi Copper (Beijing) International Investment Company in People's Republic of China. Before joining Jiangxi Copper (Beijing) International Investment Company, she had worked for PricewaterhouseCoopers. She was a specialist in the design in the risk management system for private equity investment, debt investment and stock market investment. She has participated in a number of projects in advisory work for state-owned commercial banks and state-owned policy banks, including building up its risk management system from risk identification and risk evaluation to risk mitigation according to the Basel Compliance requirement from China Banking Regulatory Commission. She obtained a Master of Business Administration from the University of Illinois at Chicago and Bachelor at the China Foreign Affairs University in PRC, major in Diplomacy. She is the niece of Mr. Liu Tianni, the Chairman and Chief Executive Officer of the Company.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Li Ling Xiu (李靈修)**, aged 59, has been an independent non-executive Director of the Company since 7 March 2012. She was the group deputy general manager of China Strategic Holdings Limited, a company whose shares are listed on the Main Board of the HKEx (stock code: 235). She has been the Chief Executive Officer and a director of Chip Lian Investments (HK) Limited since January 2001. Ms. Li obtained a Bachelor's degree of Arts (文學學士學位) in English Language from Hunan Normal University (湖南師範學院) in July 1984 and successfully completed the Advanced Management Program at Harvard Business School from September 2000 to November 2000. Ms. Li was a non-executive Director of IPC Corporation Limited from May 2009 to April 2017 and was a non-executive Director of Metech International Limited (formerly known as Centillion Environment & Recycling Limited) from September 2006 to March 2013, the shares of both companies are listed on the Singapore Stock Exchange.

## BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

**Ms. Lam, Sally (林映融) (formerly known as Lam Yim Kei, Sally (林冉琪))**, aged 49, has been an independent non-executive Director of the Company since 7 March 2012. She has 20 years of experience in the corporate finance industry. She worked for G.T. Investment Limited as an executive assistant from February 1999 to January 2000. During the period from January 2000 to May 2001, Ms. Lam worked for Core Pacific Yamaichi International (H.K.) Limited and was an assistant manager of its corporate and private banking department when she left. She then worked for CSC Securities (HK) Limited as an associate director in its sales/dealing department from May 2001 to March 2003. She worked as an associate director in the equity capital markets department of China Merchants Securities (HK) Company Limited from May 2003 to January 2007. Ms. Lam was an associate director in Wag Worldsec Corporate Finance Limited from May 2007 to December 2017. She has been working as an executive Director of Oasis Education Group Limited since 2018 and an executive Director of Golden Bridge General Partners Limited since 2021. Ms. Lam obtained a Master's degree in Economics from The University of Hong Kong in November 2008 and a Bachelor's degree of Arts in Languages with Business from The Hong Kong Polytechnic University in November 1996.

**Mr. Leung Tsz Wing (梁子榮)**, aged 38, has been an independent non-executive Director of the Company since 7 January 2022. He has over 16 years of experience in direct investment, private equity, fund raising and financial reporting. He is currently the Managing Partner of Avantfaire Investment Management Limited. He started his career at Deloitte Touche Tohmatsu and he has also been taking up the senior positions in various SFC licensed corporations, listed companies, family office and private equity fund.

Since January 2021, he has been an independent non-executive director of Modern Chinese Medicine Group Co., Ltd. (stock code: 1643), a company listed on the HKEx.

He obtained a Bachelor of Business Administration (Accounting & Finance) from the Hong Kong University of Science and Technology. He is a member of the Hong Kong Institute of Certified Public Accountants since 2009 and a fellow member since 2016. He also holds Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations.

# REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2022.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are investment holding and securities investments. The principal activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements. There have been no significant changes in the nature of the Group's principal activities during the year.

A review of the business of the Group for the year, discussion on the key financial performance indicators of the Group and prospect of the Group are set out in the "CHAIRMAN'S STATEMENT" section of this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year under review, if any, can be found in the abovementioned section and the notes to the consolidated financial statements.

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

## RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 March 2022 and the financial position of the Group and of the Company as at that date are set out in the financial statements on pages 42, 43, 142, 143 and 144, respectively.

The Board did not recommend the payment of a final dividend for ordinary shareholders of the Company for the year ended 31 March 2022 (2021: nil per share).

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group values the importance of protecting the environment in the process of operation. As our Group is principally engaged in the provision of services, we do not have significant air emissions and discharges into water, besides the non-hazardous solid wastes generated in our office premises. In recent years, we have strengthened our green office concept by promoting paperless office, using LED lights and selecting energy-saving electric appliances so as to reduce energy consumption.

To comply with the requirements set forth in Appendix 27 Environmental Social and Governance Reporting Guide ("**ESG Guide**") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**"), we present in another section of this annual report our Environmental, Social and Governance report ("**ESG Report**") for the year ended 31 March 2022.

# REPORT OF THE DIRECTORS

## COMPLIANCE WITH LAWS AND REGULATION

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements. Accordingly, the Group has been allocating staff resources to ensure ongoing compliance with rules and regulations as well as to maintain cordial working relationships with regulators through effective communications. During the year under review, the Group has complied, to the best of our knowledge, with the Securities and Futures Ordinance (“SFO”), the Listing Rules and other relevant rules and regulations.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group’s principal business activities comprise provision of financial communications services and organization of international roadshows, which are exposed to a variety of risks including operational risk and market risk. Details of the aforesaid key risks and risk mitigation measures are set out in note 37 to the financial statements of this annual report.

The Group’s long term profitability and business growth are affected by the volatility and uncertainty of macro-economic conditions (including but not limited to performance of the stock indexes and fund demand), financial volatility (exacerbated by divergent trade and financial policies of the US and other global nations), and uncertain economic outlook and political conditions of Hong Kong, Mainland China, the US, Eurozone and other global nations.

## RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group’s success also depends on the support from key stakeholders which comprise employees, customers, service vendors, regulators and shareholders.

### Employees

Employees are regarded as the most important and precious assets of the Group. The objective of the Group’s human resources management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

# REPORT OF THE DIRECTORS

## **Customers**

The Group's principal customers are from companies listed on the HKEx or companies currently in the IPO process. The Group has the mission to provide excellent customer service whilst maintaining long term profitability, business and asset growth. Various means have been established to strengthen the communications between the customers and the Group in the provision of excellent customer service towards market penetration and expansion.

## **Service vendors**

Sound relationships with key service vendors in supply chain and premises management are important in meeting business challenges and regulatory requirements. Such relationships can help the Group to increase cost effectiveness and foster long term business benefits. The key service vendors comprise system and equipment vendors, external consultants, suppliers of office goods/merchandise and other business partners which provide value-added services to the Group.

## **Regulators**

The Group is a company listed on the HKEx. We make it a top priority to stay up to date and ensure compliance with its rules and regulations.

## **Shareholders**

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is dedicated to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account liquidity positions and future business expansion needs of the Group.



# REPORT OF THE DIRECTORS

## USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND TOP-UP PLACEMENT

As at 31 March 2022, details of use of proceeds from initial public offering are as follows:

Net proceeds allocation	Intended use of the proceeds	Total proceeds used as at 31 March 2022	The amount of remaining net proceeds as at 31 March 2022 for the intended use	Expected time of utilisation <sup>(Note 1)</sup>	Change in intention
Approximately HK\$124.9 million	For strategic mergers with and acquisitions of companies with experience in the public relations business, investor relations business, financial printing business or international roadshow business.	HK\$19.8 million	HK\$105.1 million	31 December 2023	No
Approximately HK\$124.9 million	For financing the possible acquisition or setting up of a joint venture with a public relations firm in mainland China.	HK\$19.9 million	HK\$105.0 million	31 December 2023	No
Approximately HK\$65.0 million	For the establishment of an additional office in Hong Kong, the recruitment of additional staff members and other general corporate purposes.	HK\$65.0 million	Nil	Completed	Not applicable

Note:

- The expected time frame for fully applying the unutilised proceeds is based on the best estimation of the future market conditions and strategic development made by the Company, which may be subject to changes and adjustments based on the future development of market conditions.

As at 31 March 2022, details of use of proceeds from the top-up placement are as follows:

Net proceeds allocation	Intended use of the proceeds	Total proceeds used as at 31 March 2022	The amount of remaining net proceeds as at 31 March 2022 for the intended use	Expected time of utilisation <sup>(Note 1)</sup>	Change in intention
Approximately HK\$423.0 million	For developing a mobile internet professional service platform, the "Wonderful Sky Cloud", which provides online to offline ("O2O") financial services to our customers and the public investment community.	HK\$37.5 million	HK\$385.5 million	31 December 2023	No

Note:

- The expected time frame for fully applying the unutilised proceeds is based on the best estimation of the future market conditions and strategic development made by the Company, which may be subject to changes and adjustments based on the future development of market conditions.

# REPORT OF THE DIRECTORS

## SUMMARY FINANCIAL INFORMATION

The summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on pages 2 and 3 of this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

## SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 31 to the consolidated financial statements.

## EQUITY-LINKED AGREEMENT

Save for the share option scheme disclosed in this annual report, there were no equity-linked agreement was entered into during the year or subsisted at the end of the year.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

## DISTRIBUTABLE RESERVES

As at 31 March 2022, the Company's reserves available for distribution amounted to approximately HK\$37.2 million, calculated in accordance with the provisions of Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenue attributable to the Group's five largest customers represented approximately 11.6% of the Group's total revenue for the year ended 31 March 2022. The amount of revenue received from the Group's largest customer represented approximately 2.9% of the Group's total revenue for the year ended 31 March 2022.

# REPORT OF THE DIRECTORS

The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 28.9% of the Group's total purchases for the year ended 31 March 2022. The amount of purchases from the Group's largest supplier represented approximately 8.8% of the Group's total purchases for the year ended 31 March 2022.

None of the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year.

## DIRECTORS

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

### *Executive Directors:*

Mr. Liu Tianni  
Ms. Liu Lin

### *Independent non-executive Directors:*

Ms. Li Ling Xiu  
Ms. Lam, Sally (formerly known as Lam Yim Kei, Sally)  
Mr. Leung Tsz Wing (Appointed on 7 January 2022)  
Ms. Lee Wing Sze, Rosa (Resigned on 7 January 2022)

Ms. Liu Lin and Mr. Leung Tsz Wing will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming AGM in accordance with the Company's articles of association. The Company has received annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from all independent non-executive Directors and still considers them to be independent.

## DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM 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.

## DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

# REPORT OF THE DIRECTORS

## PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

## MANAGEMENT CONTRACTS

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

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

### Long positions in the ordinary shares of the Company

#### (i) The Company

Name of Director	Long/Short position	Founder of a discretionary trust	Number of shares held			Total interests	Total interests as % of the issued share capital of the Company
			Personal interest	Joint interest	Family interest		
Mr. Liu Tianni	Long	750,000,000 (Note 1)	–	6,904,000 (Note 2)	58,712,000 (Note 3)	815,616,000	70.83%

# REPORT OF THE DIRECTORS

*Notes:*

1. These shares are owned by Sapphire Star Investments Limited (“**Sapphire Star**”), a company incorporated in the British Virgin Islands. Mr. Liu is one of the founders and settlors of a discretionary trust which holds 100% of the issued share capital in Sapphire Star. Under the SFO, Mr. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star under the SFO.
2. These shares are owned by Mr. Liu and Mrs. Liu jointly.
3. These shares are owned by Mrs. Liu. Mr. Liu is deemed or taken to be interested in these shares for the purpose of the SFO.

**(ii) Associate Corporation**

<b>Name of Director</b>	<b>Long/Short position</b>	<b>Name of associated corporation</b>	<b>Number of shares held</b>	<b>Approximately percentage of interest in Sapphire Star</b>
Mr. Liu ( <i>Note</i> )	Long	Sapphire Star	100	100%

*Note:* Mr. Liu is one of the founders and settlors of a discretionary trust which holds 100% of the issued share capital in Sapphire Star. Accordingly Mr. Liu is deemed or taken to be interested in 100% of the issued share capital of Sapphire Star.

Save as disclosed above, as at 31 March 2022, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered into the register required to be kept under Section 352 of the SFO.

# REPORT OF THE DIRECTORS

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Long/short position	Nature of interests	Number of shares interested	Percentage of issued share capital of the Company
Sapphire Star	Long	Beneficial interests	750,000,000 (Note 1)	65.14%
Sapphire Star Group Limited	Long	Interests of controlled corporation	750,000,000 (Note 1)	65.14%
Mrs. Liu	Long	Beneficial interests and founder of a discretionary trust	815,616,000 (Notes 2 and 3)	70.83%
TMF (Cayman) Ltd.	Long	Trustee	750,000,000 (Note 3)	65.14%
FIL Limited	Long	Beneficial Interests	62,388,000	5.42%
Pandanus Associate Inc.	Long	Beneficial Interests	62,388,000	5.42%
Pandanus Partners L.P.	Long	Beneficial Interests	62,388,000	5.42%
Fidelity China Special Situations PLC	Long	Beneficial Interests	61,952,000	5.38%

### Notes:

1. Sapphire Star Group Limited holds 100% of the issued share capital in Sapphire Star. Therefore, for the purposes of the SFO, Sapphire Star Group Limited is deemed or taken to be interested in all the shares in the Company held by Sapphire Star.
2. 58,712,000 shares in the Company are beneficially owned by Mrs. Liu and 6,904,000 shares are jointly owned by Mrs. Liu and Mr. Liu.
3. Mrs. Liu, together with Mr. Liu, are the founders and settlors of a discretionary trust, of which TMF (Cayman) Ltd is the trustee which holds 100% of the issued share capital in Sapphire Star Group Limited as the trust asset under the discretionary trust. Therefore, for the purposes of the SFO, Mrs. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star which is in turn held as to 100% by Sapphire Star Group Limited.

Save as disclosed above, as at 31 March 2022, the Directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

# REPORT OF THE DIRECTORS

As disclosed in the Company's prospectus dated 19 March 2012, the Company entered into a Deed of Non-competition dated on 12 March 2012 with Mr. and Mrs. Liu, and Sapphire Star (together collectively referred to as the "**Substantial Shareholders**"). The Substantial Shareholders have signed, and the independent non-executive directors have reviewed the annual confirmations on an annual basis, in order to ensure that the Substantial Shareholders have complied with the terms of the aforesaid Deed of Non-competition.

During the year ended 31 March 2022 and up to the date of this report, none of the substantial shareholders or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

## PARTICULARS OF DIRECTORS OF THE COMPANY WHO WERE DIRECTORS/EMPLOYEES OF SUBSTANTIAL SHAREHOLDERS

Mr. Liu is the sole director of Sapphire Star which is a substantial shareholder of the Company.

## SHARE OPTION SCHEME

On 7 March 2012, the Company's share option scheme (the "**Scheme**") was adopted. Details of the Company's Scheme are stated in note 32 to the consolidated financial statements. The following table sets out the movements in the Company's share options during the year:

Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1.4.2021	Lapsed/ Forfeited during the year	Outstanding at 31.3.2022
<i>Employees:</i>					
28.1.2014	28.7.2015–27.7.2020	1.174	432,000	(432,000)	–
28.1.2014	28.7.2016–27.7.2020	1.174	912,000	(912,000)	–
28.1.2014	28.7.2017–27.7.2020	1.174	542,000	(542,000)	–
28.1.2014	28.7.2018–27.7.2020	1.174	1,904,000	(1,904,000)	–
26.1.2018	27.7.2019–27.7.2024	1.500	1,000,000	(200,000)	800,000
26.1.2018	27.7.2020–27.7.2024	1.500	1,000,000	(200,000)	800,000
26.1.2018	27.7.2021–27.7.2024	1.500	1,000,000	(200,000)	800,000
26.1.2018	27.7.2022–27.7.2024	1.500	2,000,000	(400,000)	1,600,000
			8,790,000	(4,790,000)	4,000,000

During the year ended 31 March 2022, there were neither share options granted, nor exercised by the Directors.

# REPORT OF THE DIRECTORS

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2022 and up to the date of this report, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

## AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Ms. Li Ling Xiu, Ms. Lam, Sally and Mr. Leung Tsz Wing. The principal duties of the audit committee include the review and supervision of the Group's financial reporting matters and internal controls.

The audit committee has met with management to review the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2022.

## CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 24 to 30 of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2022.

## AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Mazars CPA Limited as auditor of the Company.

Mazars CPA Limited has been appointed as the auditors of the Company with effect from 19 March 2021 to fill the vacancy following the resignation of Deloitte Touche Tohmatsu. Save for the aforementioned, there has been no other change in the auditors in the past three years.

On behalf of the Board

**Liu Tianni**

*Chairman*

Hong Kong, 25 July 2022



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. During the year, it had met all the code provisions in the Corporate Governance Code (the “**Code**”) set out in Appendix 14 to the Listing Rules, save and except for the following deviation:

### Code provision A.2.1

Under code provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The roles of both Chairman and Chief Executive Officer are performed by Mr. Liu Tianni currently. Mr. Liu is a founder of the Group and has over 20 years of experience in the financial investment sector as well as the financial public relations sector. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group’s business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

## DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on the same terms as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March 2022.

## BOARD OF DIRECTORS

The Company is governed by the Board which has the responsibilities of leading and supervising the management of the Company. The Directors are collectively responsible for promoting the success of the Group. As of the date of this report, the Board has five Directors, comprising two executive Directors and three are independent non-executive Directors. The biographies of all the directors as of the date of this report are set out on pages 11 and 12 of this annual report.

The Board is responsible for the management of the Company. Its key responsibilities include formulation of the overall strategies of the Group, setting targets for management and supervision of management’s performance. While the Board confines itself to making broad policy decisions, it is responsible for performing corporate governance functions including reviewing of the Group’s internal controls and developing programme for training and continuous professional development of directors and senior management and developing of procedures for ensuring compliance with legal and regulatory requirements. The Board held meetings from time to time when necessary. The Board has established procedures to enable directors of the Company to seek independent professional advice at the Company’s expense. The Board met 4 times during the year ended 31 March 2022.

# CORPORATE GOVERNANCE REPORT

All directors actively participated in the Company's business. The attendance records of all directors for the Board meetings and annual general meeting during the year are as follows:

	Number of meetings attended/held	
	Board Meeting	Annual General Meeting
<b>Executive Directors</b>		
Liu Tianni ( <i>Chairman and Chief Executive Officer</i> )	4/4	1/1
Liu Lin	4/4	1/1
<b>Independent non-executive Directors</b>		
Li Ling Xiu	4/4	1/1
Lam, Sally	4/4	1/1
Lee Wing Sze, Rosa	3/3	1/1
Leung Tsz Wing	1/1	N/A

The Board members have no financial, business, family or other material/relevant relationship with each other except Ms. Liu Lin is the niece of Mr. Liu Tianni, Chairman and Chief Executive Officer of the Company.

All Directors of the Company, including Mr. Liu Tianni, Ms. Liu Lin, Ms. Li Ling Xiu, Ms. Lam, Sally and Mr. Leung Tsz Wing, have confirmed that they have participated in training and/or continuous professional development activities. The Board has a balance of skills and experience appropriate for the requirements of the business of the Group.

The Company has arranged for insurance cover for its Directors. The insurance coverage is reviewed on an annual basis.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have sound academic and professional qualifications. They advise the Company on strategic developments whilst at the same time ensuring the Company is maintaining a high standard of compliance with financial and other statutory requirements. Each independent non-executive Director has given an annual confirmation of her independence to the Company. The Company considers them to be independent under Rule 3.13 of the Listing Rules. All the independent non-executive Directors are appointed for a term of three years but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the articles of association of the Company. The articles of association also stipulates that one-third of the directors, including executive and independent non-executive directors, shall retire from office by rotation and they shall be subject to retirement at least once every three years.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE

The Remuneration Committee was established on 7 March 2012 and currently has 4 members, namely Ms. Li Ling Xiu, Ms. Lam, Sally, Mr. Leung Tsz Wing and Mr. Liu Tianni. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Remuneration Committee have been determined with reference to the Listing Rules and the Code. The Remuneration Committee met at least once during the year to discuss remuneration package of Directors of the Company. All members of the committee attended the meeting.

The responsibilities of the Remuneration Committee include (a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (c) to make recommendations to the Board on the remuneration of non-executive Directors; and to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The primary goal of the remuneration on executive remuneration packages is to enable the Group to motivate executive Directors and senior management by linking their remuneration with reference to the Group's operation results, with reference to individual performances and comparable market statistics.

The principal elements of the Group's executive remuneration package include:

- basic salary;
- discretionary bonus without capping; and
- share options granted under a shareholders' approved option scheme.

## NOMINATION COMMITTEE

The Nomination Committee was established on 7 March 2012 and currently has 4 members, namely Ms. Li Ling Xiu, Ms. Lam, Sally, Mr. Leung Tsz Wing and Mr. Liu Tianni. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Nomination Committee have been determined with reference to the Listing Rules and the Code. The Nomination Committee met at least once during the year to discuss the composition of the Board. All members of the committee attended the meeting.

# CORPORATE GOVERNANCE REPORT

The responsibilities of the Nomination Committee are (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; (c) to assess the independence of independent non-executive Directors; and (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Directors acknowledge their responsibilities for preparing the accounts of the Company. As at 31 March 2022, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors on the consolidated financial statements for the year ended 31 March 2022 are set out in their report set out on pages 36 to 41.

# CORPORATE GOVERNANCE REPORT

## RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management and internal controls are important parts among the operation and management of the Group. The Board and the management of the Company take high priority on the organization and have created an internal control mechanism consisting of three levels, the audit committee, the Compliance Department and the management of each business department:

1. the Board is responsible for setting up the risk management and internal control mechanism for the Group to ensure the core values, strategic planning and working guidelines of the Company, and convey the above to each department of the Group through various channels, including platforms such as the enterprise information system, meetings, training and intranet. This would incorporate risk control into the operation flow and the audit committee would identify the operation risk of the internal control system on a regular basis so as to review the effectiveness of risk management and control;
2. the Compliance Department is responsible for the regular review on Company's policies and guidelines, and assists the Board to set up effective Company's policies and guidelines for risk management and internal controls in response to the internal and external changes as well as changes in regulations in order to realize a progressive, institutionalized and systematic risk management and internal controls system. Meanwhile, assessment would be independently conducted by the Compliance Department on an ongoing basis, and such assessment covers all material aspects, including legal risks, compliance controls, operation monitoring as well as the workflow and risk assessment of each department of the Group. The Compliance Department is directly responsible to the audit committee and reports the effectiveness of the risk management and internal controls;
3. management of each of the business departments would effectively monitor and approve the workflow of each department at the business level based on different functions and divisions through various business systems, so as to enhance the efficiency of risk management, realize the closed loop management model for risk management led by self-supervision at the business level.

As at the date of the report, the Compliance Department has conducted an assessment in respect of the risk management and internal controls of the Company. The result reflects that no significant weaknesses were found in the internal control of the Company.

# CORPORATE GOVERNANCE REPORT

## AUDITORS' REMUNERATION

For the year ended 31 March 2022, fees paid/payable to the Company's external auditors for audit services and non-audit services are set out as follows:

<b>Service</b>	<b>Fee paid/payable</b> <i>HK\$'000</i>
Mazars – Audit services	750
Mazars Tax Services Limited – Tax compliance	131
	881

## AUDIT COMMITTEE

The Audit Committee was established on 7 March 2012 and currently has 3 members, comprising all three independent non-executive directors namely, Mr. Leung Tsz Wing, Ms. Li Ling Xiu and Ms. Lam, Sally. This committee is chaired by Mr. Leung Tsz Wing.

The terms of reference of the Audit Committee follow the Listing Rules and the Code. The Audit Committee met twice during the year to review the interim and annual results of the Group as well as the accounting principles and practices being adopted, internal control and financial reporting matters. All members of the committee attended the meetings.

The responsibilities of the Audit Committee include (a) to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Company and its subsidiaries, overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (b) to assure that appropriate accounting principles and reporting practices are followed; (c) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorized independent auditors (the “**External Auditors**”), and to approve the remuneration and terms of engagement of the External Auditors, and any questions of its resignation or dismissal; (d) to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (e) to monitor integrity of the Company's financial statements and reports and to review significant financial reporting judgements contained in them; (f) to review the financial controls, internal control and risk management system; and (g) to review the Group's financial and accounting policies and practices.

# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

Ms. Li Liju (“**Ms. Li**”) was appointed as the company secretary on 7 January 2021. Ms. Li joined the Company in March 2009, and is currently head of the comprehensive management department of the Company. She is in charge of legal compliance affairs, supplier management and research and development, marketing and management of digitalized system, etc. She has over 10 years of experience in the financial public relations industry. In 2017, she became an associate member of The Chartered Governance Institute and The Hong Kong Institute of Chartered Secretaries. Ms. Li holds a Master of Science Degree in New Media from the Chinese University of Hong Kong, Master of Science Degree in Professional Accounting and Corporate Governance from City University of Hong Kong, and a Bachelor of Arts Degree in English from Beijing University of Posts and Telecommunications in China. Ms. Li has taken not less than 15 hours of relevant professional training during the year.

## SHAREHOLDERS’ RIGHTS

### Shareholders convening an extraordinary general meeting and proposing resolutions

Shareholders convening an extraordinary general meeting and proposing resolutions at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

### Shareholders’ enquiries and proposals

The Company maintains a website at [www.wsfg.hk](http://www.wsfg.hk) as a communication platform with shareholders and investors, where extensive information and updates on the Company’s business developments and operations, financial and other information are available for public access. Shareholders and investors may send written enquires or requests to the Company at 9/F, The Center, No.99 Queen’s Road Central, Central, Hong Kong. The company secretary and relevant personnels shall report the shareholders’ enquires and concerns to the Board and/or relevant Board committees of the Company and where appropriate, respond to such enquires.

## SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner. The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. Procedure for voting by poll has been read out by the chairman at the general meeting. Annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the Directors are available to at the annual general meetings to address shareholders’ queries. Separate resolution was proposed on each substantially separate issue and procedures for demanding a poll in general meetings are included in circular to the shareholders to facilitate the enforcement of shareholders’ rights. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the 2022 annual general meeting of the Company will be voted by poll.

During the year, there were no changes in the Company’s Memorandum and Articles of Association. An up-to-date consolidated version of the Company’s Memorandum and Articles of Association are available on the Company’s website.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REPORTING SCOPE AND STANDARD

This is the Environmental, Social and Governance (“**ESG**”) Report prepared pursuant to the ESG Reporting Guide provided in Appendix 27 to the Listing Rules on the Stock Exchange of Hong Kong Limited. This report covers our operation in Hong Kong for the financial year end 31 March 2022 and discloses information on the Group’s ESG management approach, strategy, priorities, objectives, compliance with the relevant laws and regulations and our performance.

The Board has overall responsibility for the Group’s ESG strategy and reporting and has determined to integrate the ideas of environmental and social responsibility into the Group’s operation and management activities. The Board has reviewed and approved this ESG report.

## STAKEHOLDERS ENGAGEMENT

The Group endeavours to create sustainable growth and long-term value for its stakeholders, who comprise the Group’s employees, investors, suppliers, customers, and the wider community. We continue to communicate with our stakeholders on ongoing basis in order to understand their views and collect their feedback. Our communication channels with our stakeholders include company website, annual general meeting, staff meetings, contractor meetings, direct engagement with our customers, etc.

### A. ENVIRONMENTAL

The Group has introduced Green Office Initiatives (the “**Initiatives**”) to reduce the energy consumption in daily office operation and enhance the efficiency of use of resources. A summary of the Initiatives is shown as below:

- Use of multi-function photocopiers (with printing, scanning and fax functions).
- Use of most efficient travelling method.
- “Switch-off” policy for all idle equipment; encouraging employees to switch off (or onto energy-saving mode) computers, monitors and other electrical appliances at the end of the working day or other times when they are not in use.
- Maintain the office temperature at 25 degree, which reduce the usage of excess electricity energy for lighting and air-conditioning.
- Minimize the use of paper by encouraging double side printing, paper recycling.
- Promote paperless environment by encouraging the use of soft and electronic copy for the document.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. Emission – Measures to reduce carbon emission include:

The Group's business does not generate significant greenhouse gas emissions as the emissions are indirectly and principally resulting from consuming electricity at the workplace, vehicles and business travels by employees. The discharge into water and land, and generation of hazardous and non-hazardous waste during our course of operations is minimal.

Electricity consumed by the Group's office in its normal business operation is supplied by The HK Electric Co., Ltd. The electricity consumption by the Group at its office was approximately 272,877 kWh, producing CO<sub>2</sub> equivalent emissions of approximately 193,743 kg and an energy consumption intensity of approximately 14.3 kWh per square feet during the year.

The Group encourages employees to go paperless as much as possible by liming print outs as well as communicating electronically. Employees are also encouraged to re-use paper and conserve paper usage by printing double-sided to the extent practicable. During the year, the Group used a total of approximately 1,800 thousand of paper in its normal business operations.

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

## 2. Use of Resources

We have undertaken various resources saving measures to demonstrate our efforts in efficient use of resources in our daily operations. Employees are encouraged to optimize resources to help the Group to minimize the impact on the environment and natural resources e.g. use of public transportation. During the year, a total of approximately 5,524 litres of petrol was used for the motor vehicle.

Although non-significant amounts of water is consumed through the business activities, the Group also encourages water saving by driving water-saving habits and posting green messages in the workplace to remind the employees to use water effectively.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. The Environmental and Natural Resources

This aspect is not applicable to the Group's operations, as the Group's environmental impact and use of natural resources is minimal.

## B. SOCIAL ASPECT

### 1. Employment and Labour Practices

The Group offers competitive remuneration packages to our employees, with discretionary bonuses issued based on individual performance and our business performance. The Group also provides medical insurance coverage for our employees.

Our human resources practices are established to align with the applicable laws and regulations with regard to recruitment, compensation and dismissal, other benefits and welfare, promotion, working hours, equal opportunities, diversity and anti-discrimination. The Group embraces diversity and provides employees with equal opportunity. Employees are assessed and hired based on their capabilities, regardless of their age, gender, nationality, cultural background, religious belief, etc. During the financial year end 31 March 2022, the Group complied with Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and other labour related laws and regulations.

### 2. Health and Safety

The Group has always placed emphases on occupational safety and has developed occupational health and safety procedures to provide a safe working environment for its employees. During the year ended 31 March 2022, the Group has complied with relevant rules and regulations, including the Occupational Safety and Health Ordinaries, as well as legislative requirements in Hong Kong.

During the year, the Group was not aware of any non-compliance with the health and safety laws and regulations.

### 3. Development and Training

To help nurture professional talents and to promote overall efficiency, increase the morale and loyalty of the employees, the Group provides on-the-job training, professional membership reimbursements and assists our employees in completing the training courses and fulfilling the continuous professional training hour requirement. Our employees are also encouraged to pursue work-related advanced studies and attend seminars and workshops to develop their skills.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4. Labour Standards

The Group is committed to protecting human rights. The Group complies with all relevant laws and regulations towards the use of forced labor and child labor in our business operations. The Group aims not to be directly or indirectly complicit in human rights abuses and to ensure that all work that is performed on our behalf is in compliance with all relevant labor laws and regulations.

## 5. Supply Chain Management

### ***General disclosure***

#### *Environmental and Social Risk Management of Supply Chain*

The Group has established and implemented the Supplier Management Policy. In order to strengthen the selection of suppliers, the Group welcomes qualified, competent and high quality suppliers to join. The Group's Compliance Department has specially formulated this policy in order to standardise the supplier management and improve the operational standard.

The Group's Compliance Department is responsible for organising the supplier evaluation work in two ways which include the ongoing project evaluation and the annual assessment. The evaluation results will serve as the basis of supplier management. Suppliers need to react quickly to the assessment result, taking effective measures to improve the services provided within prescribed period. The Group has the rights to terminate the cooperation with service providers who violate the rules or do not meet the targets.

In the selection of new suppliers, the Group has compared at least three different companies, taking account of their operational and compliance records as well as their commitment level on top of cost consideration. Prior to conducting business with suppliers, we carry out annual reviews and evaluations in various aspects including occupational health and safety, employee rights protection, environmental protection and corporate social responsibility. This ensures that our operations comply with national standards or relevant regulations and that we have no child or forced labor issues. The assessment results will be used as a benchmark for the continuation or termination of cooperation in the future.

The Group maintains close liaison with its suppliers to monitor its performance to ensure that it is consistent with its service commitment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 6. Service Responsibility

### *General disclosure*

#### *Service Quality*

The Group is committed to provide our target clients with premium services and offer them the best solutions at competitive prices, or even meet their demands beyond their expectation. In order to provide quality service to our clients, the Group communicates with our customers and confirms their expectation and direction prior to project commencement and actively coordinated with customers in the process of providing service.

During the year ended 31 March 2022, the Group was not aware of any incidents of non-compliance with relevant laws and regulations that have a significant impact on the issue relating to health and safety, advertising, labelling and privacy matters relating to products provided and methods of redress.

## 7. Anti-corruption

The Group adheres to stringent anti-corruption policies as stated in the Group's Office Manual that includes Integrity of Business Practices, ethical standard, conflicts of interest, breach of conduct, handling of confidential information and legal requirement on prevention of bribery and against corruption. The Group has adopted best practices with respect to whistle-blowing. Details of our whistle-blowing policy and procedures are published on our Company website. No cases of corruption were reported within the Group during the financial year ended 31 March 2022.

The Group has complied with relevant laws and regulations including Hong Kong's "Prevention of Bribery Ordinance". During the year ended 31 March 2022, the Group was not aware of any non-compliance with relevant laws and regulations related to anti-corruption.

## 8. Community Investment

The Group targets to dedicate itself to take up its corporate social responsibility for the communities where it is present. The Group has addressed its community concerns through engaging in charity donation and encouraging the employees to participate in community activities.

# INDEPENDENT AUDITOR'S REPORT



## To the Shareholders of

### Wonderful Sky Financial Group Holdings Limited

皓天財經集團控股有限公司

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

## OPINION

We have audited the consolidated financial statements of Wonderful Sky Financial Group Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 42 to 144, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

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

### Key audit matter

### How our audit addressed the key audit matter

#### Impairment assessment of trade receivables

We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial statements and the involvement of management judgement and estimates in evaluating the expected credit losses ("ECL") of the Group's trade receivables at the end of the reporting period.

As set out in note 21 to the consolidated financial statements, as at 31 March 2022, the Group's trade receivables amounted to HK\$67,653,000 (net of ECL allowances of HK\$49,380,000), which represented approximately 4.4% of total assets of the Group.

As disclosed in note 4 to the consolidated financial statements, the management of the Group estimates the amount of lifetime ECL of trade receivables based on individual assessment, after considering internal credit ratings of trade debtors, ageing analysis, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information.

As disclosed in note 37 to the consolidated financial statements, the Group recognised net impairment loss of HK\$3,993,000 to profit or loss in respect of trade receivables for the year and the Group's lifetime ECL on trade receivables as at 31 March 2022 amounted to HK\$49,380,000.

Our key audit procedures in relation to evaluating the impairment assessment of trade receivables included:

- Obtaining an understanding of how the management estimates the ECL for trade receivables;
- Testing the integrity of information used by management, including trade receivables ageing analysis as at 31 March 2022, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices;
- Evaluating management's basis and judgement in determining ECL on trade receivables as at 31 March 2022, including the assessment of internal credit rating, basis of estimated loss rates applied in individual trade debtors (with reference to historical default rates and forward-looking information) and identification of credit-impaired trade receivables; and
- Evaluating the disclosures regarding the impairment assessment of trade receivables in note 37 to the consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

## Key audit matter

## How our audit addressed the key audit matter

### Impairment assessment of debt instruments at fair value through other comprehensive income (“FVTOCI”)

We identified the impairment loss on debt instruments at FVTOCI as a key audit matter due to the determination of loss allowances for debt instruments at FVTOCI using the ECL model involves significant estimates and judgements, including determination of whether there is significant increase in credit risk since initial recognition, use of assumptions in determination of probability of default and loss given default, and incorporation of forward-looking information.

As disclosed in note 24 to the consolidated financial statements, the fair value of debt instruments at FVTOCI is HK\$216,582,000 at 31 March 2022 and impairment allowance of HK\$183,064,000 is provided for the current year.

Since the debt instruments are listed and external credit ratings are available, the management, with the assistance of independent professional valuer (the “Valuer”), maximises the use of these ratings in the determination of the probability of default and loss given default, whenever applicable, and the ECL amount, after making appropriate adjustments for forward-looking information (including macroeconomic data) and time value of money. The information about the ECL on the Group’s debt instruments at FVTOCI are disclosed in note 37. The calculation of ECL amount also reflects the time value of money. The Group had engaged an independent professional valuer to perform ECL assessment.

Our key audit procedures in relation to evaluating the impairment assessment of debt instruments at FVTOCI included:

- Evaluating methodology and assumptions used by the management and the Valuer in determining ECL;
- Testing the integrity of significant inputs used by the management and the Valuer in determining ECL and the mathematical accuracy of the calculations;
- Assessing the objectivity, capabilities and competence of the Valuer who assisted the management to determine the ECL; and
- Evaluating the disclosures regarding the impairment assessment of debt instruments at FVTOCI in note 37 to the consolidated financial statements.

# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2022 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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



# INDEPENDENT AUDITOR'S REPORT

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

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

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

We communicate with those charged with governance 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.

# INDEPENDENT AUDITOR'S REPORT

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

We also provide those charged with governance 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 those charged with governance, 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.

### **Mazars CPA Limited**

*Certified Public Accountants*

42/F., Central Plaza

18 Harbour Road

Wanchai, Hong Kong

Hong Kong, 25 July 2022

The engagement director on the audit resulting in this independent auditor's report is:

### **Law Lai Ting**

Practising Certificate number: P07322

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
Revenue	5	<b>303,597</b>	371,121
Direct costs		<b>(145,450)</b>	(201,551)
Gross profit		<b>158,147</b>	169,570
Other income	8	<b>56,133</b>	111,104
Selling expenses		<b>(16,094)</b>	(30,005)
Administrative expenses		<b>(90,188)</b>	(118,450)
Other gain and losses	6	<b>(46,967)</b>	18,714
Impairment loss recognised on financial assets	37		
– Trade receivables, net		<b>(3,993)</b>	(9,629)
– Debt instruments at fair value through other comprehensive income (“FVTOCI”)		<b>(183,064)</b>	(4,982)
Share of results of associates	17	<b>993</b>	1,687
Finance costs	7	<b>(286)</b>	(2,761)
(Loss) profit before taxation	8	<b>(125,319)</b>	135,248
Taxation	10	<b>(3,604)</b>	(16,929)
(Loss) profit for the year		<b>(128,923)</b>	118,319
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net (loss) gain on change in fair value of debt instruments at FVTOCI, net of tax		<b>(313,361)</b>	32,440
Impairment loss on debt instruments at FVTOCI included in profit or loss		<b>183,064</b>	4,982
Exchange difference arising on translating foreign operation		<b>(853)</b>	5,738
		<b>(131,150)</b>	43,160
Item that will not be reclassified subsequently to profit or loss:			
Gain (loss) on change in fair value of equity instruments at FVTOCI		<b>7,255</b>	(2,843)
		<b>7,255</b>	(2,843)
Other comprehensive income for the year		<b>(123,895)</b>	40,317
Total comprehensive income for the year		<b>(252,818)</b>	158,636
(Loss) earnings per share	12		
– Basic		<b>HK(11.2) cents</b>	HK10.3 cents
– Diluted		<b>HK(11.2) cents</b>	HK10.3 cents

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	677,765	664,333
Right-of-use assets	14	–	1,894
Investment property	15	27,113	27,668
Intangible assets	16	3,101	5,000
Interests in associates	17	8,471	7,431
Equity instruments at FVTOCI	18	2,946	22,661
Financial assets at fair value through profit or loss (“FVTPL”)	23	43,099	130,870
Debt instruments at FVTOCI	24	73,566	612,877
Club debenture	19	12,200	12,200
Deferred tax asset	29	4,307	466
Deposits for acquisition of property, plant and equipment	13	–	27,502
		<b>852,568</b>	1,512,902
<b>Current assets</b>			
Contract assets	20	770	445
Trade and other receivables	21	72,112	91,517
Amounts due from related parties	22	727	745
Financial assets at FVTPL	23	139,596	36,600
Debt instruments at FVTOCI	24	143,016	210,227
Tax recoverable		770	–
Pledged bank deposit	25	–	500
Bank balances and cash	25	126,773	151,738
Time deposits	25	212,449	–
		<b>696,213</b>	491,772
<b>Current liabilities</b>			
Trade and other payables	26	134,650	165,807
Contract liabilities	27	19,236	23,931
Taxation payable		3,746	12,153
Bank borrowings	28	–	155,286
Lease liabilities	30	–	1,071
		<b>157,632</b>	358,248
Net current assets		<b>538,581</b>	133,524
Total assets less current liabilities		<b>1,391,149</b>	1,646,426
<b>Non-current liabilities</b>			
Deferred tax liability	29	–	2,787
<b>Net assets</b>		<b>1,391,149</b>	1,643,639
<b>Capital and reserves</b>			
Share capital	31	11,515	11,515
Reserves		1,379,634	1,632,124
<b>Total equity</b>		<b>1,391,149</b>	1,643,639

The consolidated financial statements on pages 42 to 144 were approved and authorised for issue by the Board of Directors on 25 July 2022 and are signed on its behalf by:

Liu Tianni  
Director

Liu Lin  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital HK\$'000	Share premium HK\$'000 (Note i)	Merger reserve HK\$'000 (Note ii)	Capital reserve HK\$'000 (Note iii)	Capital redemption reserve HK\$'000 (Note iv)	Share options reserve HK\$'000 (Note v)	FVTOCI reserve HK\$'000 (Note vi)	Translation reserve HK\$'000 (Note vii)	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2020	11,515	711,774	10	(1)	(4,773)	3,439	(90,442)	7,947	844,916	1,484,385
Profit for the year	-	-	-	-	-	-	-	-	118,319	118,319
Net gain on change in fair value of debt instruments at FVTOCI, net of tax	-	-	-	-	-	-	32,440	-	-	32,440
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	-	-	-	4,982	-	-	4,982
Exchange difference on translating foreign operation	-	-	-	-	-	-	-	5,738	-	5,738
Loss on change in fair value of equity instruments at FVTOCI	-	-	-	-	-	-	(2,843)	-	-	(2,843)
Other comprehensive income for the year	-	-	-	-	-	-	34,579	5,738	-	40,317
Total comprehensive income for the year	-	-	-	-	-	-	34,579	5,738	118,319	158,636
Transactions with owners										
<i>Contributions and distributions</i>										
Recognition of equity-settled share-based payments	-	-	-	-	-	618	-	-	-	618
Lapse/Forfeiture of share options	-	-	-	-	-	(497)	-	-	497	-
Total transactions with owners	-	-	-	-	-	121	-	-	497	618
At 31 March 2021 and 1 April 2021	11,515	711,774	10	(1)	(4,773)	3,560	(55,863)	13,685	963,732	1,643,639
Loss for the year	-	-	-	-	-	-	-	-	(128,923)	(128,923)
Net loss on change in fair value of debt instruments at FVTOCI, net of tax	-	-	-	-	-	-	(313,361)	-	-	(313,361)
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	-	-	-	183,064	-	-	183,064
Exchange difference on translating foreign operation	-	-	-	-	-	-	-	(853)	-	(853)
Gain on change in fair value of equity instruments at FVTOCI	-	-	-	-	-	-	7,255	-	-	7,255
Other comprehensive income for the year	-	-	-	-	-	-	(123,042)	(853)	-	(123,895)
Total comprehensive income for the year	-	-	-	-	-	-	(123,042)	(853)	(128,923)	(252,818)
Transactions with owners:										
<i>Contributions and distributions</i>										
Recognition of equity-settled share-based payments	-	-	-	-	-	328	-	-	-	328
Lapse/Forfeiture of share options	-	-	-	-	-	(1,640)	-	-	1,640	-
Total transactions with owners	-	-	-	-	-	(1,312)	-	-	1,640	328
Derecognition of equity instruments at FVTOCI	-	-	-	-	-	-	18,978	-	(18,978)	-
At 31 March 2022	11,515	711,774	10	(1)	(4,773)	2,248	(159,927)	12,832	817,471	1,391,149

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

## Notes:

- (i) Share premium represented the excess of the net proceeds from issuance of the Company's shares over its nominal value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business after the distribution.
- (ii) The merger reserve of Wonderful Sky Financial Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") represented the difference of the nominal value of the shares of Shine Talent Holdings Limited ("**Shine Talent Holdings**") issued in exchange for the entire share capital of Wonderful Sky Financial Group Limited ("**Wonderful Sky Financial Group**").
- (iii) The capital reserve of the Group represented capital contribution arising from transfer of interest in a subsidiary to its shareholder.
- (iv) Capital redemption reserve has been set up in accordance with the provisions of the Companies Law of the Cayman Islands on repurchases and cancellations of the Company's own shares.
- (v) Share options reserve comprises the fair value at the grant date of share options granted to employees of the Group and is dealt with in accordance with the accounting policy adopted for share-based payment as set out in note 3 to the consolidated financial statements.
- (vi) The FVTOCI reserve has been set up and is dealt with in accordance with the accounting policies adopted for the (i) cumulative net changes of the fair value of debt and equity instruments at FVTOCI and (ii) accumulated loss allowance on the debt instruments at FVTOCI as set out in note 3 to the consolidated financial statements.
- (vii) Translation reserve has been set up and is dealt with in accordance with accounting policies adopted for the foreign exchange differences arising from the translation of the financial statements of the Group's foreign operations as set out in note 3 to the consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 HK\$'000	2021 HK\$'000
<b>Operating activities</b>			
(Loss) profit before taxation		<b>(125,319)</b>	135,248
Adjustments for:			
Interest income from bank deposits		<b>(556)</b>	(650)
Interest expenses		<b>286</b>	2,761
Depreciation of property, plant and equipment	8	<b>34,411</b>	36,556
Depreciation of right-of-use assets	8	<b>1,933</b>	3,319
Depreciation of investment property	8	<b>612</b>	587
Impairment loss recognised on trade receivables, net		<b>3,993</b>	9,629
Impairment loss recognised on debt instruments at FVTOCI		<b>183,064</b>	4,982
Investment income from debt instruments at FVTOCI	8	<b>(46,931)</b>	(79,128)
Investment income from financial products	8	<b>(173)</b>	(631)
Impairment loss on an intangible asset	6	<b>1,899</b>	–
Written off of an intangible asset	6	<b>–</b>	5,006
Loss (gain) on disposal of debt instruments at FVTOCI	6	<b>42,858</b>	(11,202)
Dividend income from financial assets at FVTPL	6	<b>(96)</b>	–
Interest income from financial assets at FVTPL	6	<b>(7,000)</b>	(7,000)
Gain on disposal of financial assets at FVTPL	6	<b>(664)</b>	–
Gain on changes in fair value of financial assets at FVTPL	6	<b>11,884</b>	(722)
Loss on disposal of property, plant and equipment	6	<b>–</b>	427
Share-based payments	8	<b>328</b>	618
Share of results of associates		<b>(993)</b>	(1,687)
Foreign exchange difference on inter-company balances		<b>(1,532)</b>	(482)
Operating cash flows before movements in working capital		<b>98,004</b>	97,631
Increase in contract assets		<b>(325)</b>	(240)
Decrease (Increase) in trade and other receivables		<b>15,412</b>	(16,525)
(Decrease) Increase in trade and other payables		<b>(4,071)</b>	30,183
Decrease in contract liabilities		<b>(4,695)</b>	(11,407)
Decrease in amounts due from related parties		<b>18</b>	11,403

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

NOTES	2022 HK\$'000	2021 HK\$'000
Cash generated from operations	<b>104,343</b>	111,045
Hong Kong Profits Tax paid	<b>(20,171)</b>	(11,148)
Net cash from operating activities	<b>84,172</b>	99,897
<b>Investing activities</b>		
Proceeds from redemption of financial products	<b>28,979</b>	138,084
Proceeds from disposal and redemption of debt instruments at FVTOCI	<b>336,758</b>	782,658
Proceeds from disposal of financial assets at FVTPL	–	35,211
Interest received from debt instruments at FVTOCI	<b>46,931</b>	79,128
Interest received from financial assets at FVTPL	<b>7,000</b>	7,000
Interest received from financial products	<b>173</b>	631
Interest received from bank deposits	<b>556</b>	650
Dividend received from an associate	–	450
Dividends received from financial assets at FVTPL	<b>96</b>	–
Proceeds from disposal of financial assets at FVTPL	<b>4,624</b>	–
Purchase of debt instruments at FVTOCI	<b>(86,455)</b>	(722,205)
Purchase of financial products	<b>(28,979)</b>	(138,084)
Purchase of financial assets at FVTPL	<b>(31,069)</b>	(95,007)
Purchase of property, plant and equipment	<b>(19,411)</b>	(2,063)
Deposits paid for acquisition of property, plant and equipment	–	(27,121)
Net cash outflow from acquisition of a subsidiary	–	(35,942)
Increase in pledged bank deposit/time deposit	<b>(211,949)</b>	(500)
Net cash from investing activities	<b>47,254</b>	22,890



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

NOTES	2022 HK\$'000	2021 HK\$'000
<b>FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	<b>(155,286)</b>	(8,033)
Interest paid	<b>(286)</b>	(2,761)
Repayment of lease liabilities	<b>(1,092)</b>	(2,227)
Net decrease in bank overdrafts	–	(70,183)
Net cash used in financing activities	<b>(156,664)</b>	(83,204)
Net (decrease) increase in cash and cash equivalents	<b>(25,238)</b>	39,583
Cash and cash equivalents at beginning of the year	<b>151,738</b>	107,969
Effect of exchange rate changes	<b>273</b>	4,186
Cash and cash equivalents at end of the year, represented by bank balances and cash	<b>126,773</b>	151,738

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 1. GENERAL

Wonderful Sky Financial Group Holdings Limited (“**the Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 12 January 2011 under the Companies Law of the Cayman Islands Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate holding company is Sapphire Star Investments Limited, a company with limited liability incorporated in the British Virgin Islands (“**BVI**”) and the ultimate controlling party is Mr. Liu Tianni. The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report.

The principal activities of the Company are investment holding and securities investment. The principal activities of its principal subsidiaries are set out in the note 40.

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### **New and amendments to HKFRSs that are newly adopted for the current year**

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the following new/revised HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) that are relevant to the Company and its subsidiaries (collectively referred to as the “**Group**”).

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### **New and amendments to HKFRSs that are newly adopted for the current year (Continued)**

#### ***Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2***

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

#### ***Amendments to HKFRS 16: Covid-19-Related Rent Concessions Beyond 30 June 2021***

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### New and amendments to HKFRSs in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 16	Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>1</sup>
Annual Improvements to HKFRSs	2018–2020 Cycle <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>2</sup>
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 19 – Comparative information <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>3</sup> The effective date to be determined

Except for the amendments to HKFRS 3, the amendments to HKAS 1 and the amendments to HKFRS 10 and HKAS 28 which are explained below, the other new/revised HKFRSs are not expected to be relevant to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### **New and amendments to HKFRSs in issue but not yet effective (Continued)**

#### ***Amendments to HKFRS 3: Reference to the Conceptual Framework***

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

#### ***Amendments to HKAS 1: Classification of Liabilities as Current or Non-current***

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

The amendments address an acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Standards are amended such that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The directors do not anticipate that the adoption of the above new/revised HKFRSs in future will have material impact on the results of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements 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 Stock Exchange (the “**Listing Rules**”) and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the principal 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 (since 1 April 2019) or HKAS 17 (before application of 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”.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are 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.

The principal accounting policies are set out below.

### **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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Basis of consolidation (Continued)**

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.

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

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

### **Investments in associates**

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investments in associates (Continued)

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. The difference between the carrying amount of the associate and the fair value of any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. 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 services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents service (or a bundle of services) that is distinct or a series of distinct 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 service.

A contract asset represents the Group’s right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 “Financial Instruments”. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

Service income from project-based financial public relations services, financial printing services for non-initial public offering clients (“**non-IPO Clients**”), and international roadshow services is recognised when the customers obtain control of the services, which approximates the time when the relevant projects or international roadshow events are completed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue from contracts with customers (Continued)

Service income from financial printing services for customers seeking initial public offering (“**IPO Clients**”) is recognised over time as 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.

Service income from daily financial public relations services under subscription model is recognised over time as the customer simultaneously receives and consumes the benefits of the Group’s performance over time. Such income is recognised on a straight-line basis over the subscription period when the relevant services are rendered.

Usually the Group requires sales deposits from IPO Clients and makes progress billings for services rendered. Occasionally, IPO Clients may decide to delay the listing timetable. Under such circumstances, sales deposits received by the Group of which services have yet to be rendered pending the completion of the initial public offering will be accounted for as contract liability and included in current liabilities in the consolidated statement of financial position. In rare cases, IPO Clients may decide to terminate the IPO process. Under these circumstances, sales deposits received by the Group and project-based fees for services rendered will be recognised as revenue immediately when the Group receives termination notice from the relevant IPO Clients.

#### ***Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation***

##### *Input method*

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group’s efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group’s performance in transferring control of services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue from contracts with customers (Continued)

#### *Variable consideration*

For contracts that contain variable consideration in respect of financial public relations service, financial printing service and international roadshow service, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

### Leases

#### *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 or arising from business combinations on or after the date of initial application, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### *The Group as a lessee*

##### *Short-term leases*

The Group applies the short-term lease recognition exemption to leases of staff quarters and office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases 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; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 on 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

##### *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.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, 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 Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### *The Group as a lessee (Continued)*

##### *Lease modifications*

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.

The Group has applied the practical expedient provided in Amendments to HKFRS 16: Covid-19-Related Rent Concessions and does not assess whether eligible rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying HKFRS 16 if the change were not a lease modification.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leases (Continued)

#### *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.

##### *Allocation of consideration to components of a contract*

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 “Revenue from Contracts with Customers” 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the supply of services or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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 that is accounted for as an operating lease 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 is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. 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 stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, the carrying amount of that item at the date of transfer is recognised as cost of that item in investment property.

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.

### **Intangible assets**

#### ***Intangible assets acquired in a business combination***

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### **Club debenture**

Club debenture has an infinite useful life and is carried at cost less any subsequent accumulated impairment losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Impairment on property, plant and equipment, right-of-use assets, investment property and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment property 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 relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, investment property and intangible assets 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 testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 pretax 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.

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 to 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Impairment on property, plant and equipment, right-of-use assets, investment property and intangible assets (Continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a 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.

### **Financial instruments**

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

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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *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 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.

All other financial assets are subsequently measured at FVTPL, except that at the date of 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Classification and subsequent measurement of financial assets (Continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. 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. 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.

(ii) Debt instruments at FVTOCI

Subsequent changes in the carrying amounts for debt instruments at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

*Classification and subsequent measurement of financial assets (Continued)*

(iii) Equity instruments at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the other income line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Impairment of financial assets and contract assets*

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade receivables, other receivables, debt instruments at FVTOCI, amounts due from related parties and bank balances) and contract assets 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. Assessments 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 and contract assets. The ECL on these assets are assessed individually.

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, 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

#### *Impairment of financial assets and contract assets (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Impairment of financial assets and contract assets (Continued)*

(i) Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (1) it has a low risk of default, (2) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers the credit risk of the debt instrument mainly with reference to external credit rating of “investment grade” as per globally understood definitions.

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.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Impairment of financial assets and contract assets (Continued)*

#### (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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### (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, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets (Continued)*

##### *Impairment of financial assets and contract assets (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.

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.

Except for investments in debt instruments that are measured at FVTOCI, 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 and contract assets where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial assets (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 measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Financial liabilities and equity*

##### *Classification as debt or equity*

Debt and equity instruments 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.

##### *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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchases, sale, issue or cancellation of the Company's own equity instruments.

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

Financial liabilities including trade and other payables, bank overdrafts and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

##### *Derecognition 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (Continued)

#### *Derivative financial instruments*

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

#### *Embedded derivatives*

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

### 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 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 purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign 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. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation that includes an associate), 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Borrowing costs**

Borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

### **Share-based payment**

#### ***Equity-settled share-based payment transactions***

##### *Share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

### **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 before taxation 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Taxation (Continued)

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 other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Taxation (Continued)

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 is 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.

### Retirement benefit costs

Payments to Mandatory Provident Fund Scheme (“**MPF Scheme**”) and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

### Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

### Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The Company's executive directors and the chief executive officer, who is responsible for allocating resources and assessing performance of the operating segments, have been identified as the CODM that make strategic decisions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are set out in note 3, 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 associated 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.

### **Key sources of estimation uncertainty**

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

#### ***Impairment assessment of trade receivables***

The management of the Group estimates the amount of lifetime ECL of trade receivables based on individual assessment, after considering internal credit ratings of trade debtors, aging, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. At every reporting date, the 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 is disclosed in notes 37 and 21 respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Key sources of estimation uncertainty (Continued)

#### *Impairment assessment of debt instruments at FVTOCI*

The Group performs impairment assessment on debt instruments at FVTOCI under the ECL model individually. The management takes into consideration historical data from an international credit rating agency along with forward-looking information.

The provision of ECL involves significant estimates and judgements, including determination of whether there is significant increase in credit risk since initial recognition, use of assumptions in determination of probability of default and loss given default, and incorporation of forward-looking information (including macroeconomic data). The information about the Group's debt instruments at FVTOCI and the ECL are disclosed in notes 24 and 37 respectively.

At 31 March 2022, the carrying amount of debt instruments at FVTOCI were HK\$216,582,000 (2021: HK\$812,104,000) with impairment allowance of HK\$183,064,000 (2021: HK\$4,982,000) recognised during the year.

#### *Fair value measurements and valuation processes*

Some of the Group's financial assets are measured at fair value for financial reporting purposes. The directors of the Company have a designated team to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of listed bond securities which are classified as debt instruments at FVTOCI or financial assets at FVTPL, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will assess the valuation of financial instruments based on quoted bid prices of the previous trading day in the markets at the end of the reporting period. As mentioned above, in estimating the fair value of the Group's bond securities listed on the Stock Exchange, the Singapore Exchange Securities Trading Limited ("**SGX**") and overseas exchanges, the team will assess the fair value taking into account primarily the fair value quoted by the brokers at the end of the reporting period. For the unlisted fund securities which are classified as debt instruments at FVTOCI, the Group will assess the valuation based on the quotes from the fund managers. The team will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company. Any changes in the marketability of the listed bond securities will affect the fair value of the investments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Key sources of estimation uncertainty (Continued)

#### *Fair value measurements and valuation processes (Continued)*

In estimating the fair value of the Group's financial products, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, management of the Group will assess the valuation of financial products based on discounted cash flow method at the end of the reporting period. The team will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company.

In estimating the fair value of the unlisted investment funds, the Group makes reference to the net asset value provided by the relevant administrators of the investment funds.

For unlisted equity instruments, the Group engages independent qualified valuers to perform the valuation. The management of the Group works closely with the independent qualified valuers to establish the appropriate valuation techniques and inputs to the model, and will report the valuation findings to the directors of the Company to explain the cause of fluctuations in the fair value of the assets.

Notes 18, 23, 24 and 37 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair values of the listed equity investments, unlisted equity investments, listed bond securities, convertible bond, unlisted investment funds and unlisted fund securities of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 5. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Recognised at a point in time</b>		
Project-based financial public relations services	<b>123,643</b>	199,908
Financial printing services for non-IPO Clients	<b>67,416</b>	64,989
International roadshow services	<b>1,185</b>	7,231
	<b>192,244</b>	272,128
<b>Recognised over time</b>		
Daily financial public relations service under subscription model	<b>106,521</b>	87,456
Financial printing services for IPO Clients	<b>4,832</b>	11,537
	<b>111,353</b>	98,993
	<b>303,597</b>	371,121

All sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group's operating activities consists of the provision of financial public relations services and the organisation and coordination of international roadshows. These operating segments have been identified on the basis of internal management reports that are regularly reviewed by the Chief Executive Officer of the Company, who is the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. No operating segments have been aggregated in arriving at the reportable segments of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results

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

*For the year ended 31 March 2022*

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	302,412	1,185	303,597
Segment profit	110,072	2,165	112,237
Unallocated corporate income			6,001
Investment income from debt instruments at FVTOCI			46,931
Impairment loss recognised on debt instruments at FVTOCI			(183,064)
Loss on disposal of debt instruments of FVTOCI			(42,858)
Staff costs (including retirement benefit schemes contributions and share-based payments)			(24,308)
Share of results of associates			993
Other unallocated corporate expenses			(40,965)
Finance costs			(286)
Loss before taxation			(125,319)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (Continued)

For the year ended 31 March 2021

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	363,890	7,231	371,121
Segment profit (loss)	105,796	(641)	105,155
Unallocated corporate income			28,496
Investment income from debt instruments at FVTOCI			79,128
Gain on disposal of debt instruments at FVTOCI			11,202
Impairment loss recognised on debt instruments at FVTOCI			(4,982)
Staff costs (including retirement benefit schemes contributions and share-based payments)			(34,587)
Share of results of associates			1,687
Other unallocated corporate expenses			(48,090)
Finance costs			(2,761)
Profit before taxation			135,248

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of certain other income, certain other gain and losses, central administration costs, directors' salaries, share of results of associates, impairment loss recognised on debt instruments at FVTOCI and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

**At 31 March 2022**

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Assets</b>			
Segment assets	727,266	800	728,066
Investment property			27,113
Interests in associates			8,471
Equity instruments at FVTOCI			2,946
Financial assets at FVTPL			182,695
Debt instruments at FVTOCI			216,582
Club debenture			12,200
Deferred tax asset			4,307
Bank balances and cash			126,773
Time deposits			212,449
Other unallocated assets			27,179
Total assets			1,548,781
<b>Liabilities</b>			
Segment liabilities	127,870	4,250	132,120
Other unallocated liabilities			25,512
Total liabilities			157,632

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities (Continued)

At 31 March 2021

	Provision of financial public relations services HK\$'000	Organisation and coordination of international roadshows HK\$'000	Consolidated HK\$'000
<b>Assets</b>			
Segment assets	748,724	2,405	751,129
Right-of-use assets			1,894
Investment property			27,668
Interests in associates			7,431
Equity instruments at FVTOCI			22,661
Financial assets at FVTPL			167,470
Debt instruments at FVTOCI			823,104
Club debenture			12,200
Deferred tax asset			466
Bank balances and cash			151,738
Pledged bank deposit			500
Other unallocated assets			38,413
Total assets			2,004,674
<b>Liabilities</b>			
Segment liabilities	120,879	1,355	122,234
Taxation payable			4,567
Bank borrowings			155,286
Deferred tax liabilities			2,787
Lease liabilities			1,071
Other unallocated liabilities			75,090
Total liabilities			361,035

Notes:

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments except for right-of-use assets, investment property, interests in associates, debt instruments at FVTOCI, financial assets at FVTPL, equity instruments at FVTOCI, non-trade related amounts due from related parties, deposits and prepayments and other receivables, club debenture, deferred tax asset, taxation recoverable, pledge bank deposit, bank balances and cash and time deposits.
- All liabilities are allocated to reportable segments except for accrued administrative expenses, deferred tax liability, lease liabilities, taxation payables and bank borrowings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Other segment information

For the year ended 31 March 2022

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets:				
Additions to non-current assets	46,913	–	–	46,913
Depreciation of property, plant and equipment	(29,196)	(32)	(5,183)	(34,411)
Depreciation of investment property	–	–	(612)	(612)
Depreciation of right of use assets	(1,933)	–	–	(1,933)
(Impairment loss) reversal of impairment loss recognised on trade receivables, net	(6,202)	2,209	–	(3,993)

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:

Other service fee income	–	–	(291)	(291)
Dividend income	–	–	(96)	(96)
Impairment loss on an intangible asset	–	–	1,899	1,899
Loss on disposal of debt instruments at FVTOCI	–	–	42,858	42,858
Impairment loss recognised on debt instruments at FVTOCI	–	–	183,064	183,064
Loss on change in fair value of financial assets at FVTPL	–	–	3,299	3,299
Investment income from debt instruments at FVTOCI	–	–	(46,931)	(46,931)
Investment income from financial products	–	–	(173)	(173)
Interest expenses	–	–	286	286
Income tax expenses	8,016	125	(4,537)	3,604

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Other segment information (Continued)

For the year ended 31 March 2021

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets:				
Additions to non-current assets	62,822	–	3,455	66,277
Depreciation of property, plant and equipment	36,483	73	–	36,556
Depreciation of investment property	–	–	587	587
Depreciation of right of use assets	3,319	–	–	3,319
Impairment loss recognised on trade receivables, net	8,390	1,239	–	9,629
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Other service fee income	–	–	(11,664)	(11,664)
Interest income from trade receivables	(4,903)	–	–	(4,903)
Written off of an intangible asset	–	–	5,006	5,006
Gain on disposal of debt instruments at FVTOCI	–	–	(11,202)	(11,202)
Impairment loss recognised on debt instruments at FVTOCI	–	–	4,982	4,982
Interest income from financial assets at FVTPL	–	–	(7,000)	(7,000)
Gain on change in fair value of financial assets at FVTPL	–	–	(722)	(722)
Investment income from debt instruments at FVTOCI	–	–	(79,128)	(79,128)
Investment income from financial products	–	–	(631)	(631)
Interest expenses	–	–	2,761	2,761
Income tax expenses	4,839	(25)	12,115	16,929

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Geographical information

More than 90% of the Group's revenue are arisen in Hong Kong, the place of domicile of the relevant group entities for both years.

The Group's non-current assets (excluding debt instruments at FVTOCI, financial assets at FVTPL, equity instruments at FVTOCI and deferred tax asset) by geographical location of the assets are detailed below:

	2022 HK\$'000	2021 HK\$'000
Hong Kong	654,241	687,009
The People's Republic of China ("PRC")	47,296	31,351
Singapore	27,113	27,668
	<b>728,650</b>	746,028

### Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during both years.

## 6. OTHER GAIN AND LOSSES

	2022 HK\$'000	2021 HK\$'000
Net foreign exchange gain	1,914	5,223
(Loss) gain on disposal of debt instruments at FVTOCI (Note)	(42,858)	11,202
Interest income from financial assets at FVTPL	7,000	7,000
Gain on disposal of financial assets at FVTPL	664	–
(Loss) gain on change in fair value of financial assets at FVTPL	(11,884)	722
Dividend income from financial assets at FVTPL	96	–
Loss on disposal of property, plant and equipment	–	(427)
Impairments loss on an intangible asset	(1,899)	–
Written off of an intangible asset	–	(5,006)
	<b>(46,967)</b>	18,714

Note: The amount included reclassification adjustment of loss on debt instruments at FVTOCI of loss approximately HK\$202,000 (2021: loss of approximately HK\$46,566,000) from equity to profit or loss upon disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 7. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest on bank borrowings and bank overdrafts	271	2,657
Interest on lease liabilities	15	104
	<b>286</b>	2,761

## 8. (LOSS) PROFIT BEFORE TAXATION

	2022 HK\$'000	2021 HK\$'000
<b>(Loss) profit before taxation has been arrived at after charging:</b>		
Directors' and chief executive's remuneration ( <i>Note 9(a)</i> )	4,764	4,708
Other staff costs	57,862	71,759
Retirement benefit schemes contributions for other staff	1,948	2,233
Share-based payments for other staff	328	618
	<b>64,902</b>	79,318
Auditor's remuneration	750	700
Depreciation of property, plant and equipment	34,411	36,556
Depreciation of right-of-use assets	1,933	3,319
Depreciation of investment property	612	587
<b>and after crediting:</b>		
Interest income from bank deposits (included in other income)	556	650
Interest income from trade receivables (included in other income)	–	4,903
Other service fee income (included in other income)	291	11,664
Commission income (included in other income)	4,950	1,877
Investment income from debt instruments at FVTOCI (included in other income)	46,931	79,128
Investment income from financial products (included in other income)	173	631
Rental income from investment property (included in other income)	407	664
Subsidy income (included in other income) ( <i>Note</i> )	671	9,566

*Note:* During the year ended 31 March 2022, the Group recognised a subsidy income of approximately HK\$671,000 in respect of New Graduates-New Opportunities Scheme provided by The Hong Kong Chinese Enterprises Association. During the year ended 31 March 2021, the Group recognised government grants of approximately HK\$9,566,000 in respect of COVID-19 related subsidies provided by the local government authorities. In the opinion of the management of the Group, there were no unfulfilled conditions or contingencies relating to these grants/subsidies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

### (a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

	Directors' fees <i>HK\$'000</i>	Salaries and allowances <i>HK\$'000</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
<b>For the year ended 31 March 2022</b>				
<i>Executive directors:</i>				
Mr. Liu Tianni	–	3,791	18	3,809
Ms. Liu Lin	600	–	–	600
<i>Independent non-executive directors:</i>				
Ms. Lam, Sally ( <i>Note 3</i> )	120	–	–	120
Ms. Lee Wing Sze, Rosa ( <i>Note 1</i> )	92	–	–	92
Mr. Leung Tsz Wing ( <i>Note 2</i> )	23	–	–	23
Ms. Li Ling Xiu	120	–	–	120
	<b>955</b>	<b>3,791</b>	<b>18</b>	<b>4,764</b>
<b>For the year ended 31 March 2021</b>				
<i>Executive directors:</i>				
Mr. Liu Tianni	–	3,730	18	3,748
Ms. Liu Lin	600	–	–	600
<i>Independent non-executive directors:</i>				
Ms. Lam, Sally	120	–	–	120
Ms. Lee Wing Sze, Rosa	120	–	–	120
Ms. Li Ling Xiu	120	–	–	120
	960	3,730	18	4,708

*Note 1:* Ms. Lee Wing Sze, Rosa resigned as independent non-executive director of the Company on 7 January 2022.

*Note 2:* Mr. Leung Tsz Wing was appointed as independent non-executive director of the Company on 7 January 2022.

*Note 3:* Ms. Lam Yim Kei, Sally changed her name to Ms. Lam, Sally on 23 May 2022.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

### (a) Directors' and chief executive's emoluments (Continued)

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the Group's operating results, individual performance and market statistics.

Mr. Liu Tianni is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as chief executive.

### (b) Employees' emoluments

The five highest paid employees of the Group during the year included one director (2021: one director), details of whose emoluments are set out above. The emoluments of the remaining four (2021: four) highest paid employees of the Group are as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and allowances	3,693	3,538
Performance related incentive payments ( <i>Note</i> )	1,500	1,345
Retirement benefit scheme contributions	90	72
Share-based payments	328	618
	<b>5,611</b>	5,573

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2022	2021
HK\$1,000,001 to HK\$1,500,000	3	3
HK\$2,000,001 to HK\$2,500,000	1	1

*Note:* The performance related incentive payment is determined with reference to the individual performances.

During the years ended 31 March 2022 and 2021, no remuneration was paid by the Group to the directors and the chief executive of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 10. TAXATION

	2022 HK\$'000	2021 HK\$'000
Hong Kong Profits Tax		
– Current tax	9,409	19,711
– Under (over) provision in prior years	823	(4,565)
	<b>10,232</b>	15,146
PRC and overseas tax		
– Current tax	–	431
– Under provision in prior years	–	64
	–	495
Deferred taxation ( <i>Note 29</i> )	<b>(6,628)</b>	1,288
	<b>3,604</b>	16,929

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. 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%.

The PRC enterprise income tax has been provided at the rate of 25% on the estimated assessable profits of a subsidiary in the PRC (2021: 25%).

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 10. TAXATION (CONTINUED)

The taxation charge for the year can be reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss) profit before taxation	<b>(125,319)</b>	135,248
Tax at the applicable tax rate	<b>(19,938)</b>	22,887
Tax effect of expenses not deductible for tax purposes	<b>13,194</b>	8,064
Tax effect of income not taxable for tax purposes	<b>(4,933)</b>	(10,787)
Tax effect of tax losses not recognised	<b>21,245</b>	2,244
Utilisation of tax losses previously not recognised	<b>(2,855)</b>	(3,481)
Unrecognised temporary differences	<b>(1,119)</b>	1,445
Tax effect of two-tiered profit tax rate regime	–	(165)
Tax concessions	<b>(30)</b>	(30)
Under (over) provision in prior years	<b>823</b>	(4,501)
Others	<b>(2,783)</b>	1,253
Taxation charge	<b>3,604</b>	16,929

## 11. DIVIDENDS

No final dividend was proposed for ordinary shareholders of the Company in respect of the years ended 31 March 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 12. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

	2022 HK\$'000	2021 HK\$'000
<b>(Loss) earnings</b>		
(Loss) profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	<b>(128,923)</b>	118,319
	2022	2021
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<b>1,151,454,000</b>	1,151,454,000

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's options at exercise prices of HK\$1.174 and HK\$1.5 (2021: HK\$1.174 and HK\$1.5) because the exercise prices of those options were higher than the average market price of shares for the year ended 31 March 2022 or the period in which the options were outstanding.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 13. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Owned properties <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Yacht <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>							
At 1 April 2020	677,423	20,769	10,926	–	708	5,709	715,535
Exchange realignment	–	–	49	–	–	144	193
Additions	–	–	130	36,712	1,298	635	38,775
Disposals/write-off	–	–	(1,048)	–	–	(205)	(1,253)
At 31 March 2021 and 1 April 2021	677,423	20,769	10,057	36,712	2,006	6,283	753,250
Exchange realignment	908	–	17	–	–	41	966
Additions	45,219	1,236	213	–	–	245	46,913
<b>At 31 March 2022</b>	<b>723,550</b>	<b>22,005</b>	<b>10,287</b>	<b>36,712</b>	<b>2,006</b>	<b>6,569</b>	<b>801,129</b>
<b>ACCUMULATED DEPRECIATION</b>							
At 1 April 2020	33,297	11,477	3,587	–	600	4,115	53,076
Exchange realignment	–	–	–	–	–	111	111
Provided for the year	22,451	6,227	3,230	3,455	236	957	36,556
Eliminated on disposal/write-off	–	–	(621)	–	–	(205)	(826)
At 31 March 2021 and 1 April 2021	55,748	17,704	6,196	3,455	836	4,978	88,917
Exchange realignment	17	–	10	–	–	9	36
Provided for the year	23,294	2,278	2,710	5,183	389	557	34,411
<b>At 31 March 2022</b>	<b>79,059</b>	<b>19,982</b>	<b>8,916</b>	<b>8,638</b>	<b>1,225</b>	<b>5,544</b>	<b>123,364</b>
<b>CARRYING VALUES</b>							
<b>At 31 March 2022</b>	<b>644,491</b>	<b>2,023</b>	<b>1,371</b>	<b>28,074</b>	<b>781</b>	<b>1,025</b>	<b>677,765</b>
At 31 March 2021	621,675	3,065	3,861	33,257	1,170	1,305	664,333

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 13. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The other items of property, plant and equipment are depreciated over their estimated useful lives after taking into account their estimated residual values, on a straight-line basis, at the following rates per annum.

Leasehold improvements	Over shorter of the term of leases or 30%
Furniture and fixtures	30%
Yacht	14%
Motor vehicles	30%
Computer equipment	30%

As at 31 March 2022, owned properties of approximately HK\$570,352,000 (2021: approximately HK\$592,147,000) were pledged to the banks to secure bank facilities/borrowings granted to the Group.

### **Right-of-use assets – Owned properties**

The Group holds commercial buildings in Hong Kong and the PRC for its daily operations.

There were additions of PRC owned properties during the year.

The owned properties are carried at cost, less accumulated depreciation. The costs of the owned properties are depreciated over the shorter of the unexpired lease terms or 50 years on a straight-line basis.

At 31 March 2022, the remaining lease terms of the owned properties located in Hong Kong and the PRC are 25 years (2021: 26 years) and ranged from 20 to 39 years (2021: N/A) respectively. The Group is the registered owner of the properties interest, including the whole or part of undivided share in the underlying land. Payments were made upfront to acquire this property interest from previous registered owners and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 14. RIGHT-OF-USE ASSETS

	<b>Leased properties</b> <i>HK\$'000</i>
<b>Reconciliation of carrying amount – year ended 31 March 2021</b>	
At 1 April 2020	4,958
Depreciation	(3,319)
Exchange realignment	255
At 31 March 2021	1,894
<b>Reconciliation of carrying amount – year ended 31 March 2022</b>	
At 1 April 2021	1,894
Depreciation	(1,933)
Exchange realignment	39
<b>At 31 March 2022</b>	–
At 31 March 2021	
Cost	6,748
Accumulated depreciation	(4,854)
Net carrying amount	1,894
<b>At 31 March 2022</b>	
Cost	–
Accumulated depreciation	–
Net carrying amount	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 14. RIGHT-OF-USE ASSETS (CONTINUED)

	2022 HK\$'000	2021 HK\$'000
Rental expenses recognised under short-term leases	3,151	–
Total cash outflow for leases	1,258	2,331

For both years, the Group leases various offices, staff quarters and warehouse for its operations. Lease contracts are entered into for fixed term of 12 months to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. 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.

In addition, lease liabilities of nil (2021: HK\$1,071,000) with related right-of-use assets of nil (2021: HK\$1,097,000) and prepaid right-of-use assets of nil (2021: HK\$797,000) are recognised as at 31 March 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 15. INVESTMENT PROPERTY

	<i>HK\$'000</i>
<b>COST</b>	
At 1 April 2020	27,206
Exchange realignment	1,634
At 31 March 2021 and 1 April 2021	28,840
Exchange realignment	60
<b>At 31 March 2022</b>	<b>28,900</b>
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2020	561
Provided for the year	587
Exchange realignment	24
At 31 March 2021 and 1 April 2021	1,172
Provided for the year	612
Exchange realignment	3
<b>At 31 March 2022</b>	<b>1,787</b>
<b>CARRYING VALUES</b>	
<b>At 31 March 2022</b>	<b>27,113</b>
At 31 March 2021	27,668

During the year, the Group leases out an office under an operating lease with rentals payable monthly. The lease runs for a period of 24 months. The investment property is commercial property, which is situated in Singapore.

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as the lease is denominated in the functional currency of the group entity. The lease contract does not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term. The investment property is depreciated on a straight-line basis over the shorter of the unexpired lease terms or 50 years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 15. INVESTMENT PROPERTY (CONTINUED)

At 31 March 2022, the fair value of the Group's investment property was approximately HK\$32,800,000 (2021: HK\$31,400,000) as determined by the directors of the Company using the direct comparison method on the assumption that the property can be sold in its existing state subjected to existing tenancies or otherwise with the benefit of vacant possession and making references to comparable sales transactions as available in the relevant market. The fair value measurement of the investment property is categorised within level 2 of the fair value hierarchy.

At 31 March 2022 and 2021, the investment property has been pledged to secure banking facilities granted to the Group.

## 16. INTANGIBLE ASSETS

	Type 9–Asset Management License <i>HK\$'000</i>	Type 6–Advising on Corporate Finance License <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reconciliation of carrying amount – year ended 31 March 2021			
At beginning of the year	5,000	5,006	10,006
Written off	–	(5,006)	(5,006)
At 31 March 2021	5,000	–	5,000
<b>Reconciliation of carrying amount – year ended 31 March 2022</b>			
At beginning of the year	<b>5,000</b>	–	<b>5,000</b>
Impairment loss	<b>(1,899)</b>	–	<b>(1,899)</b>
<b>At 31 March 2022</b>	<b>3,101</b>	–	<b>3,101</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 16. INTANGIBLE ASSETS (CONTINUED)

	Type 9–Asset Management License <i>HK\$'000</i>	Type 6–Advising on Corporate Finance License <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>At 31 March 2021</b>			
Cost	5,000	–	5,000
Accumulated impairment loss	–	–	–
	5,000	–	5,000
<b>At 31 March 2022</b>			
Cost	<b>5,000</b>	–	<b>5,000</b>
Accumulated impairment losses	<b>(1,899)</b>	–	<b>(1,899)</b>
	<b>3,101</b>	–	<b>3,101</b>

Intangible assets of HK\$3,101,000 (2021: HK\$5,000,000) represent Type 9–Asset Management license issued by the Securities and Futures Commission which were acquired through acquisition of companies during the year ended 31 March 2018. These licenses are renewable annually at minimal costs. In the opinion of the directors, the intangible assets have an indefinite useful life because they are expected to contribute net cash inflows indefinitely. The intangible assets will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

As at 31 March 2022 and 2021, the directors of the Company performed an impairment assessment of the intangible assets with reference to valuation based on market approach carried out by Roma Appraisals Limited, an independent firm of qualified professional valuer not connected with the Group. The recoverable amount of Type 9–Asset Management license has been determined based on fair value less cost of disposal with reference to recent market transactions. The discount rate applied to the measurement is 15.8% (2021: 15.8%). Based on the results of assessment, the directors of the Company considered to make an impairment on intangible asset of HK\$1,899,000 for the year ended 31 March 2022 (2021: Nil.).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 17. INTERESTS IN ASSOCIATES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unlisted investments in associates, at cost	<b>5,416</b>	5,416
Share of post-acquisition profits, net of dividends received	<b>3,232</b>	2,239
Cumulative exchange difference	<b>(177)</b>	(224)
	<b>8,471</b>	7,431

The Group's associates are all unlisted and individually immaterial. The aggregate amounts of the Group's share of these associates' results are as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The Group's share of profits for the year	<b>993</b>	1,687
Dividend received from an associate during the year	–	450
Aggregate carrying amount of the Group's interests in these associates	<b>8,536</b>	7,431

The exchange difference arising from translation of financial information of associates which represents a loss of HK\$47,000 (2021: loss of HK\$8,000) for the year ended 31 March 2022 is recognised in other comprehensive income and accumulated in translation reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 18. EQUITY INSTRUMENTS AT FVTOCI

	2022 HK\$'000	2021 HK\$'000
Listed equity investment, at fair value – in Hong Kong ( <i>Note a</i> )	–	19,831
Unlisted equity investments, at fair value – in the PRC ( <i>Note b</i> )	<b>2,946</b>	2,830
Non-current assets ( <i>Note c</i> )	<b>2,946</b>	22,661

*Notes:*

- (a) At 31 March 2021, the above listed equity investment represented ordinary shares of China Shanshui Cement Group Limited, an entity listed in the Stock Exchange. The fair value of the listed equity investments was based on the bid price quoted in the Stock Exchange at the end of the reporting periods. During the year ended 31 March 2022, the Group sold the listed equity investment as this investment no longer coincided with Group's investment strategy. The fair value on the date of sale was HK\$27,086,000 and the related balance within the FVTOCI reserve, amounting to HK\$18,978,000 has been transferred to accumulated profits.
- (b) The above unlisted equity investments in the PRC represents the Group's equity interests in a private entity which is engaged in broadcast of television shows and films in the PRC. At 31 March 2022 and 2021, the fair values of the unlisted equity instrument was derived based on market approach. The valuations were carried out by Roma Appraisals Limited, an independent firm of qualified professional valuer not connected with the Group.
- (c) The directors of the Company have elected to designate these investments in equity instruments at FVTOCI as the Group intends to hold these equity investments for long term strategic purposes.

The above unlisted and listed equity investments represent the Group's equity interests in private entities established in the PRC and Hong Kong.

Included in equity instruments at FVTOCI is the following amount denominated in a currency other than the functional currency of the respective group entity which it relates:

	2022 HK\$'000	2021 HK\$'000
Renminbi ("RMB")	<b>2,946</b>	2,830

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 19. CLUB DEBENTURE

At 31 March 2022, the unlisted club debenture of HK\$12,200,000 (2021: HK\$12,200,000) is stated at cost less impairment at the end of the reporting period. The recoverable amount of the club debenture is its fair value less costs of disposal, as determined by the directors of the Company using the direct comparison method. In the direct comparison method, the value is estimated for the assets appraised through analysis of market price information of comparable club debenture with reference to the prices quoted in the relevant market. There were no changes in valuation technique during the reporting period. The fair value measurement of the club debenture is categorised within level 2 of the fair value hierarchy.

## 20. CONTRACT ASSETS

	2022 HK\$'000	2021 HK\$'000
Project costs incurred	770	445

The contract assets from provision of financial printing services for IPO Clients primarily relate to the Group's right to consideration for work completed and not billed because the right is conditioned on the Group's future performance. The contract assets will be transferred to trade receivables when the rights become unconditional.

Details of impairment assessment are set out in note 37.

## 21. TRADE AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables	117,033	142,742
Less: Allowance for credit losses	(49,380)	(55,677)
	67,653	87,065
Other receivables		
– Deposits and prepayments	3,381	3,849
– Staff advances	1,078	603
	4,459	4,452
Total trade and other receivables	72,112	91,517

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Service income arising from project-based financial public relations services, financial printing services for non-IPO Clients and international roadshows is recognised when services are rendered and is generally billed within 30 days from the completion of the event. Service income arising from financial printing for IPO Clients is recognised when services are rendered and is generally billed in accordance with payment schedule set out in contracts and within one month from the date of listing. Service income arising from daily financial public relations services under subscription model is recognised when services are rendered and is billed monthly, quarterly or semi-annually in arrears. The Group generally grants a credit period of 30 days to its customers.

Before accepting a new customer, the Group will internally assess the potential customer's credit quality and determine an appropriate credit limit. Management then closely monitors the outstanding balance and follow-up action is taken when debts are overdue.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	<b>2022</b> <i>HK\$'000</i>	<i>2021</i> <i>HK\$'000</i>
Within 30 days	<b>17,842</b>	12,989
31 to 90 days	<b>19,737</b>	20,196
91 days to 1 year	<b>28,990</b>	51,078
Over 1 year	<b>1,084</b>	2,802
	<b>67,653</b>	87,065

Included in the Group's trade receivable balance as at 31 March 2022 are debtors with aggregate carrying amount of HK\$49,811,000 (2021: HK\$74,076,000) which are past due as at the reporting date. Out of the past due balances, HK\$28,990,000 (2021: HK\$51,078,000) has been aged from 91 days to 1 year and HK\$1,084,000 (2021: HK\$2,802,000) has been aged over 1 year or more but are not considered as in default as these customers have strong financial background and good credibility. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 37.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in trade and other receivables are the following amounts denominated in currencies other than the functional currency of the respective group entity which it relates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
RMB	3,794	2,442

## 22. AMOUNTS DUE FROM RELATED PARTIES

Particulars of the amounts due from related parties are disclosed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Qingling Motors Company Limited (“ <b>Qingling Motors</b> ”) <i>(Note)</i>	727	745

*Note:*

Mr. Liu Tianni, the controlling shareholder and director of the Company, is a director and a member of key management of Qingling Motors for both years. The amount is trade related, unsecured and noninterest bearing. The Group allows a credit period of 30 days to Qingling Motors.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 22. AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

The following is an aging analysis of amount due from a related party of trade nature net of allowance for credit loss presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2022 HK\$'000	2021 HK\$'000
Within 30 days	59	45
31 to 90 days	11	9
91 days to 1 year	657	691
	<b>727</b>	745

Details of impairment assessment of amounts due from related parties are set out in note 37.

## 23. FINANCIAL ASSETS AT FVTPL

	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>		
Convertible bond, at fair value		
– with fixed coupon interest at 7% per annum and maturity date on 2 July 2022 (Note 1)	–	111,207
Unlisted investment funds, at fair value (Note 2)	43,099	19,663
	<b>43,099</b>	130,870
<b>Current assets</b>		
Convertible bond, at fair value		
– with fixed coupon interest at 7% per annum and maturity date on 2 July 2022 (Note 1)	117,144	–
Listed equity investment, at fair value (Note 3)	22,452	36,600
	<b>139,596</b>	36,600
	<b>182,695</b>	167,470

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 23. FINANCIAL ASSETS AT FVTPL (CONTINUED)

*Notes:*

1. The convertible bond represents subscription in convertible bond issued by Silver Grant International Holdings Group Limited ("**Silver Grant**"), a company listed on the Stock Exchange, with principal amount of HK\$100,000,000.

The Group can only exercise its conversion rights on the conditions that (i) no obligation will arise on the bondholder to make a general offer to the shareholders of Silver Grant for all securities of the Silver Grant under Rule 26 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission upon exercising of the conversion rights; and (ii) no Listing Rules, including the minimum public float requirements of Silver Grant under Listing Rules, will be breached as a result of an exercise of the conversion rights. Unless previously redeemed, converted, purchased or cancelled, Silver Grant will redeem all of the convertible bonds on the maturity date at such amount equivalent to 116.5% of the principal amount of the outstanding convertible bonds (inclusive of interests received up to the maturity date).

The fair value of the convertible bond was derived based on Black-Scholes model with Trinomial Tree method. The valuation was carried out by Roma Appraisals Limited, an independent firm of qualified professional valuer not connected with the Group.

2. The amount represented the investment in four unlisted investment funds (2021: Two) with primary objectives for capital appreciation and investment income. The unlisted investment funds are not quoted in an active market and transactions in such investment does not occur on a regular basis. During the year ended 31 March 2022, HK\$31,003,000 (2021: HK\$19,663,000) were paid to acquire the investment funds.

The fair value of the unlisted investment funds is stated with reference to the net asset value provided by administrators of the funds at the reporting date and are categorised within level 3 of the fair value hierarchy as further detailed in note 37. The directors believe that the estimated fair value provided by the administrators of the fund are reasonable, and these are the most appropriate values at the end of reporting period. Change in fair value of the unlisted investment funds of HK\$920,000 were recognised to profit or loss for the year ended 31 March 2022. (2021: Nil).

3. The listed equity investment represents ordinary shares of an entity listed in the Stock Exchange. At 31 March 2022 and 31 March 2021, the fair value of the listed equity investments is based on the bid price quoted in the Stock Exchange at the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 23. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Included in financial assets at FVTPL is the following amount denominated in a currency other than the functional currency of the respective group entity which it relates:

	2022 HK\$'000	2021 HK\$'000
USD	43,099	19,663

## 24. DEBT INSTRUMENTS AT FVTOCI

	2022 HK\$'000	2021 HK\$'000
<b>Listed bond securities, at fair value</b>		
– listed on the Stock Exchange with fixed coupon interests ranging from 2.95% to 12.75% (2021: 4.7% to 13.00%) per annum and maturity dates ranging from 18 October 2021 to 1 March 2027 (2021: 4 April 2021 to 29 April 2025)	111,617	323,190
– listed on SGX with fixed coupon interests ranging from 9.25% to 14.5% (2021: 7.5% to 14.25%) per annum and maturity dates ranging from 28 September 2022 to 29 April 2025 (2021: 14 October 2021 to 16 April 2025)	104,965	472,401
<b>Unlisted fund securities, at fair value (Note)</b>	–	27,513
	<b>216,582</b>	823,104
<b>Analysed for reporting purposes:</b>		
Non-current assets	73,566	612,877
Current assets	143,016	210,227
	<b>216,582</b>	823,104

*Note:* The unlisted fund securities represent unlisted mutual funds managed by financial institutions. During the year ended 31 March 2022, the unlisted fund securities were disposed.

The fair values of the listed bond securities and the unlisted fund securities are based on the market bid prices and quotes from fund managers, respectively at the end of reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 24. DEBT INSTRUMENTS AT FVTOCI (CONTINUED)

Included in debt instruments at FVTOCI is the following amount which is denominated in a currency other than functional currency of the respective group entities which they relate:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
USD	<b>216,582</b>	823,104

Details of impairment assessment are set out in note 37.

## 25. BANK BALANCES AND CASH/PLEDGE BANK DEPOSIT/TIME DEPOSITS

As at 31 March 2021, pledged bank deposit represented bank deposit pledged to a bank to secure a banking facility granted to the Group.

Time deposits comprise short-term bank deposits with a maturity of up to 193 days at prevailing market rates ranging from 0.69% to 3.02%.

Included in bank balances and cash and time deposits are the following amounts which are denominated in currencies other than the functional currency of the respective group entities which they relate:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
RMB	<b>32,983</b>	14,555
USD	<b>275,541</b>	98,295
Singapore Dollar (" <b>SGD</b> ")	<b>3,854</b>	3,501
Great Britain Pound (" <b>GBP</b> ")	<b>77</b>	68

Details of impairment assessment of bank balances are set out in note 37.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 26. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	98,986	90,717
Salaries payable	7,452	14,190
Accrued expenses	7,702	11,078
Other payables ( <i>Note</i> )	20,510	49,822
	<b>35,664</b>	75,090
Total trade and other payables	<b>134,650</b>	165,807

*Note:* As at 31 March 2021, included in other payables was an amount of HK\$27,086,000 consideration received from an independent third party for a listed investment in Hong Kong. Such amount is linked to the derecognition of the listed equity instrument at FVTOCI during the year ended 31 March 2022. The remaining balances are unsecured, non-interest-bearing and repayable on demand.

Trade payables are non-interest-bearing and generally have credit terms ranging from 1 to 360 days.

The following is an aging analysis of trade payables based on the invoice dates at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	11,020	23,001
31 to 60 days	1,566	1,757
61 to 90 days	316	6,042
91 days to 1 year	25,644	44,919
Over 1 year	60,440	14,998
	<b>98,986</b>	90,717

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 26. TRADE AND OTHER PAYABLES (CONTINUED)

Included in trade and other payables is the following amount which is denominated in a currency other than the functional currency of the respective group entity which it relates:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
RMB	<b>3,771</b>	9,538

## 27. CONTRACT LIABILITIES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Deposits received from customers	<b>19,236</b>	23,931

Contract liabilities represent deposits received from customers for financial public relations services and international roadshow services. The decrease in contract liabilities in 2022 was mainly due to the decrease in short-term advances received from customers in relation to the sales of financial public relations services as a result of the decrease in ongoing projects at the end of the year.

The contract liabilities at 31 March 2021 of HK\$23,931,000 were fully recognised as revenue in the current year. The contract liabilities as at 31 March 2022 of HK\$19,236,000 are expected to be recognised as revenue for the year ending 31 March 2023.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 28. BANK BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured and variable-rate bank loans	–	155,286
The carrying amounts of the above bank borrowings are repayable*:		
Within one year	–	8,195
Within a period of more than one year but not exceeding two years	–	8,322
Within a period of more than two years but not exceeding five years	–	25,744
Within a period of more than five years	–	113,025
	–	155,286

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The carrying amounts of bank borrowings due within one year (including those loans with repayment on demand clause) shown under current liabilities	–	155,286

The bank borrowings bear interests at Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1% per annum.

The range of effective interest rates (which are also the contracted interest rates) charged on the Group’s borrowings for the year is as follows:

	2022	2021
Effective interest rates:		
Variable-rate borrowings	1.07% to 1.51%	1.06% to 2.27%

On 5 July 2021, the Group made full settlement on the bank borrowings and settled the discharge of the mortgaged property.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 29. DEFERRED TAX ASSET (LIABILITY)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax asset and liability have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 HK\$'000	2021 HK\$'000
Deferred tax asset	4,307	466
Deferred tax liability	–	(2,787)
	<b>4,307</b>	<b>(2,321)</b>

The following is the deferred tax asset (liability) recognised and its movements during both years:

	Tax loss HK\$'000	ECL allowance HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 April 2020	–	76	(1,109)	(1,033)
Credited (charged) to profit or loss (Note 10)	–	792	(2,080)	(1,288)
At 31 March 2021 and 1 April 2021	–	868	(3,189)	(2,321)
Credited to profit or loss (Note 10)	2,398	908	3,322	6,628
<b>At 31 March 2022</b>	<b>2,398</b>	<b>1,776</b>	<b>133</b>	<b>4,307</b>

At the end of the reporting period, the Group has unused tax losses of HK\$84,517,000 (2021: HK\$80,776,000) available to offset against future profits. Included in the unused tax losses are losses of HK\$15,444,000 (2021: HK\$11,703,000) which will be expired in 5 years (2021: 5 years). Other unused tax losses may be carried forward indefinitely.

Despite the Group has suffered losses in the current period, a deferred tax asset arising from the unused tax losses of HK\$14,534,000 has been recognised during the year in excess of the profits arising from the reversal of existing taxable temporary differences. The unused tax losses have no expiry date and it is probable that the Group will have taxable profit after the disposal of its loss making operations.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 30. LEASE LIABILITIES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Lease liabilities payable:		
Within 1 year	–	1,071
Within a period of more than one year but not more than two years	–	–
	–	1,071
Less: Amount due for settlement within 12 months shown under current liabilities	–	(1,071)
Amount due for settlement after 12 months shown under non-current liabilities	–	–

## 31. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised (ordinary shares of HK\$0.01 each):		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	10,000,000,000	100,000
Issued and fully paid (ordinary shares of HK\$0.01 each):		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	1,151,454,000	11,515

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 32. SHARE-BASED PAYMENT TRANSACTIONS

The Share Option Scheme of the Company was adopted pursuant to a resolution in writing of the sole shareholder passed on 7 March 2012. The purposes of the Share Option Scheme is to enable the Group to grant options to full-time or part-time employees, directors (whether executive or nonexecutive), suppliers, customers, joint venture partner, business associates and advisors (professional or otherwise) of the Group as incentives or rewards for their contribution to the Group. The Share Option Scheme became effective on 7 March 2012 (the “**Effective Date**”) will remain in force for 10 years, subject to earlier termination by the directors and approved in advance by the shareholders in a general meeting. The Share Option Scheme shall be valid and effecting for a period commencing from the Effective Date.

At 31 March 2022, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 4,000,000 (2021: 8,790,000), representing 0.35% (2021: 0.76%) of the shares of the Company in issue at that date. The total number of shares of the Company available for issue under the Share Option Scheme must not in aggregate exceeds 30% of the issued share capital of the Company from time to time.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme (including exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, (as defined under the Listing Rules) in excess of 0.1% of the shares of the Company in issue with an aggregate value (based on the closing price of the Company’s shares at the date of the grant) in excess of HK\$5,000,000, in the 12-month period up to and including the date of grant, are subject to shareholders’ approval in a general meeting.

Options granted must be accepted in writing within 28 days from the date of grant upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period for the share options granted is determined by the directors of the Company, which period may commence from the date of acceptance of the offer for the grant of share options but shall end, in any event, not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company’s shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company’s share on the date of grant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 32. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The following table sets out the movements in the Company's share options held by the employees of the Group during both years:

Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1.4.2020	Lapsed/ Forfeited during the year	Outstanding at 31.3.2021	Lapsed/ Forfeited during the year	Outstanding at 31.3.2022
<i>Employees:</i>							
28.1.2014	28.7.2015–27.7.2020	1.174	432,000	–	432,000	(432,000)	–
28.1.2014	28.7.2016–27.7.2020	1.174	912,000	–	912,000	(912,000)	–
28.1.2014	28.7.2017–27.7.2020	1.174	542,000	–	542,000	(542,000)	–
28.1.2014	28.7.2018–27.7.2020	1.174	1,904,000	–	1,904,000	(1,904,000)	–
26.1.2018	27.7.2019–27.7.2024	1.500	1,200,000	(200,000)	1,000,000	(200,000)	800,000
26.1.2018	27.7.2020–27.7.2024	1.500	1,200,000	(200,000)	1,000,000	(200,000)	800,000
26.1.2018	27.7.2021–27.7.2024	1.500	1,200,000	(200,000)	1,000,000	(200,000)	800,000
26.1.2018	27.7.2022–27.7.2024	1,500	2,400,000	(400,000)	2,000,000	(400,000)	1,600,000
			9,790,000	(1,000,000)	8,790,000	(4,790,000)	4,000,000

*Note:* The vesting period ends on the date when the exercisable period of the share options begins.

The Group recognised the share-based payments of HK\$328,000 (2021: HK\$618,000) for the year ended 31 March 2022 in relation to share options granted by the Company.

## 33. RETIREMENT BENEFITS PLAN

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs, with maximum of HK\$1,500 per employee per month, to the MPF Scheme, which contribution is matched by employees.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 33. RETIREMENT BENEFITS PLAN (CONTINUED)

The total contribution to the retirement benefits schemes charged to the consolidated statement of profit or loss and other comprehensive income during the year is HK\$1,966,000 (2021: HK\$2,251,000).

## 34. COMMITMENTS

### (i) Capital and other commitment

	2022 HK\$'000	2021 HK\$'000
Capital contribution to investment fund	3,477	–
Capital contributions to associates	4,582	4,402
	<b>8,059</b>	4,402

### (ii) Operating leases

#### *The Group as lessor*

The Group leases its investment property under operating lease arrangement with a lease term of 24 months.

Fixed lease payments receivable on leases are as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	778	378
In the second year	619	–
	<b>1,397</b>	378

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	<b>Bank overdrafts</b> <i>HK\$'000</i>	<b>Bank borrowings</b> <i>HK\$'000</i>	<b>Lease liabilities</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2020	70,183	163,319	3,145	236,647
Financing cash flows	(70,393)	(10,480)	(2,331)	(83,204)
Interest expenses	210	2,447	104	2,761
Exchange realignments	–	–	153	153
At 31 March 2021 and 1 April 2021	–	<b>155,286</b>	<b>1,071</b>	<b>156,357</b>
Financing cash flows	–	<b>(155,557)</b>	<b>(1,107)</b>	<b>(156,664)</b>
Interest expenses	–	<b>271</b>	<b>15</b>	<b>286</b>
Exchange realignments	–	–	<b>21</b>	<b>21</b>
<b>At 31 March 2022</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

## 36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the 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. In addition, certain subsidiaries of the Group licensed by the Securities and Futures Commission are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules (“**FRR**”) at all times. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes the bank borrowings, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, other reserves and accumulated profits.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 36. CAPITAL RISK MANAGEMENT (CONTINUED)

Management reviews the Group's capital structure regularly. The directors of the Company consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt. During the year, all the licensed subsidiaries complied with the liquid capital requirements under the FRR.

## 37. FINANCIAL INSTRUMENTS

### Categories of financial instruments

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Financial assets		
Financial assets at amortised cost	<b>410,720</b>	244,500
Debt instruments at FVTOCI	<b>216,582</b>	823,104
Equity instruments at FVTOCI	<b>2,946</b>	22,661
Financial assets at FVTPL	<b>182,695</b>	167,470
Financial liabilities		
Amortised cost	<b>127,198</b>	307,974

### Financial risk management objectives and policies

The Group's financial instruments include trade and other receivables, amounts due from related parties, debt instruments at FVTOCI, equity instruments at FVTOCI, financial assets at FVTPL, pledged bank deposit, bank balances and cash, time deposits, trade payables and bank borrowings.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below.

Management reviews and approves operation policies to ensure appropriate measures are implemented on a timely and effective manner to manage and monitor these risk exposures.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### *Other price risk*

The Group is exposed to price risks arising from listed investment held under the debt instruments at FVTOCI, equity instrument at FVTPL and equity instruments at FVTOCI amounted to HK\$216,582,000 (2021: HK\$823,104,000), HK\$22,452,000 (2021: HK\$36,600,000) and nil (2021: HK\$19,831,000) respectively.

The sensitivity analyses below have been determined based on the exposure to other price risk on listed equity investment at the end of the reporting period. If the market bid price on such listed equity investment had been 5% higher or lower, the loss for the year would decrease or increase by HK\$1,123,000 (2021: HK\$1,830,000) and FVTOCI reserve would decrease or increase by nil (2021: HK\$992,000) as a result of the change in fair value.

#### *Interest rate risk*

The Group is exposed to cash flow interest rate risk on its variable-rate bank balances, bank overdrafts and bank borrowings (see notes 25 and 28 for details of these balances). The Group currently does not have a policy on cash flow hedges of interest rate risk. However, interest rate risk is closely managed by management and they will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to fair value interest rate risk on its fixed-rate listed bond securities and convertible bond which have fixed coupon interests (see notes 23 and 24 for details of these balances), and lease liabilities. Interest rate risk is closely managed by management and they will consider hedging significant interest rate exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to fair value interest rate risk on listed bond securities and convertible bond at the end of the reporting period. If the market bid price on such listed bond securities and convertible bond had been 5% higher or lower, the loss for the year would decrease or increase by HK\$5,857,000 (2021: HK\$5,560,000) and FVTOCI reserve would decrease or increase by HK\$10,829,000 (2021: HK\$39,780,000) as a result of the change in fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### Foreign currency risk

The carrying amounts of the Group's monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
RMB	36,777	14,555	–	250
USD	492,123	921,399	–	–
SGD	3,854	3,501	–	–
GBP	77	68	–	–

The Group is exposed to the foreign currency risk of RMB, USD, SGD and GBP. Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and USD will be immaterial as most of the USD denominated monetary assets and liabilities are held by group entities having HK\$ as their functional currency, and therefore no sensitivity analysis has been prepared. For GBP exposures, no sensitivity analysis has been prepared as the amounts involved are insignificant.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### Foreign currency risk (Continued)

##### Sensitivity analysis

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in HK\$ against SGD and RMB. 5% is the sensitivity rate used which represents management's assessment of the reasonable and possible change in the foreign currency rate. The sensitivity analysis includes the Group's monetary assets and monetary liabilities denominated in SGD and RMB. A negative number indicates a decrease in post-tax profit for the year when HK\$ strengthens 5% against SGD and RMB. For a 5% weakening of HK\$ against SGD and RMB, there would be an equal but opposite impact on the post-tax profit for the year.

	2022 HK\$'000	2021 HK\$'000
SGD	(193)	(175)
RMB	(1,826)	(715)

In the opinion of management, the sensitivity analysis is not representative of the inherent foreign currency risk as the year end exposures do not reflect the exposures during the year.

#### Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, bank balances, pledge bank deposit, time deposits, other receivables, amounts due from related parties, and debt instruments at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets and contract assets.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group performed impairment assessment for financial assets and other items subject to ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### *Credit risk and impairment assessment (Continued)*

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

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and frequently repays	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor regularly repays but usually settle in full after due date	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 – not 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

The following table provides information about the exposure to credit risk for financial assets and contract assets, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12-month ECL or lifetime ECL	Loss rate range		Gross carrying amount	
				2022	2021	2022 HK\$'000	2021 HK\$'000
Trade receivables	N/A	Low risk	Lifetime ECL (not credit impaired)	<b>0.01% to 6.00%</b>	0.01% to 2.00%	<b>28,121</b>	53,454
			Watch list	<b>6.01% to 40.00%</b>	2.12% to 30.62%	<b>50,597</b>	38,877
		Loss	<b>100%</b>	100%	<b>38,314</b>	50,411	
Contract assets	N/A	Low risk	Lifetime ECL (not credit impaired)	<b>0.01% to 2.00%</b>	0.01% to 2.00%	<b>770</b>	445
Debt instruments at FVTOCI	C	Doubtful	Lifetime ECL (not credit impaired)	<b>61.7%</b>	-	<b>37,856</b>	-
Debt instruments at FVTOCI	C	Watch list	12m ECL	<b>17.46%- 23.57%</b>	-	<b>126,496</b>	-
Debt instruments at FVTOCI	BB+ to B-	Low risk	12m ECL	<b>0.18%- 4.11%</b>	0.01%- 3.98%	<b>52,230</b>	795,591
Amounts due from related parties	N/A	Low risk	12m ECL	<b>N/A</b>	N/A	<b>727</b>	745
Bank balances	BBB to A+	N/A	12m ECL	<b>N/A</b>	N/A	<b>126,273</b>	151,738
Time Deposits	BBB to A+	N/A	12m ECL	<b>N/A</b>	N/A	<b>212,449</b>	-
Pledged bank deposit	AA-	N/A	12m ECL	<b>N/A</b>	N/A	<b>-</b>	500
Other receivables	N/A	Low risk	12m ECL	<b>N/A</b>	N/A	<b>2,348</b>	1,090

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 contract assets have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

*Trade receivables and contract assets arising from contracts with customers*

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality with reference to credit ratings if applicable and defines credit limits of customer. Limits and credit ratings attributed to customers are reviewed periodically. As part of the Group's credit risk management, the Group also applies internal credit rating for its customers. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group performs impairment assessment under ECL model on trade receivables and contract assets individually. For trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

The Group has concentration of credit risk as 2.44% (2021: 4.8%) of the total trade receivables was due from the Group's largest customer.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

	<b>Lifetime ECL (not credit- impaired)</b> <i>HK\$'000</i>	<b>Lifetime ECL (credit- impaired)</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2020	464	45,786	46,250
Impairment loss recognised, net Written-off	4,802 –	4,827 (202)	9,629 (202)
At 31 March 2021 and 1 April 2021	5,266	50,411	55,677
Impairment loss recognised (reversal of impairment loss recognised), net Written-off	5,800 –	(1,807) (10,290)	3,993 (10,290)
<b>At 31 March 2022</b>	<b>11,066</b>	<b>38,314</b>	<b>49,380</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

*Trade receivables and contract assets arising from contracts with customers (Continued)*

During the year ended 31 March 2022, net impairment loss of HK\$3,993,000 (2021: HK\$9,629,000) was recognised in profit or loss for the Group's trade receivables, based on the individual assessment. Net reversal of impairment loss of HK\$1,807,000 (2021: Net impairment loss of HK\$4,827,000) was made on credit- impaired debtors.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

*Financial assets at FVTPL*

The Group invests in convertible bond with credit rating of B (2021: B). The directors of the Company regularly review and monitor the portfolio of convertible bond. Details of the terms of the investment are disclosed in note 23. Summary of the fair value and principal amount of the convertible bond is set out below.

	2022		2021	
	Fair value HK\$'000	Principal amount HK\$'000	Fair value HK\$'000	Principal amount HK\$'000
B	117,144	100,000	111,207	100,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### Credit risk and impairment assessment (Continued)

##### Debt instruments at FVTOCI

The Group assesses the credit risk of debt instruments at FVTOCI at the reporting date. The Group's debt instruments at FVTOCI mainly comprise listed bond securities that are graded by credit-rating agencies as per globally understood definitions and certain bonds without external credit rating are assessed by internal credit ratings. During the year ended 31 March 2022, ECL on debt instruments at FVTOCI amounting to HK\$183,064,000 (2021: ECL on debt instruments at FVTOCI of HK\$4,982,000) was recognised in the profit or loss. The increase in impairment loss recognised was primarily due to the deterioration of the credit quality of the listed bond issuers.

	<b>12m ECL</b> <i>HK\$'000</i>
At 1 April 2020	11,653
Impairment loss recognised	4,982
At 31 March 2021 and 1 April 2021	16,635
Impairment loss recognised	183,064
<b>At 31 March 2022</b>	<b>199,699</b>

##### Other receivables and amounts due from related parties

For other receivables and amounts due from related parties, the directors of the Company make periodic individual assessment on the recoverability of other receivables and amounts due from related parties based on the counterparties' financial background and creditability. The directors of the Company believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2022 and 2021, the Group assessed the ECL for other receivables and amounts due from related parties is insignificant and thus no loss allowance was recognised.

##### Bank balances/Pledged bank deposit/Time deposits

Credit risk on bank balances/pledged bank deposit/time deposits is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances/pledged bank deposit/time deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. The directors of the Company considered that the 12m ECL on bank balances is insignificant and thus no loss allowance was recognised for the years ended 31 March 2022 and 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk

The Group maintains a level of cash and cash equivalents that it considers adequate to finance the Group's operations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayable on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest rates are floating rates, the interest payments (undiscounted) is calculated based on from interest rate prevailing at the end of the reporting period.

	Weighted average interest rate %	Repayable on demand or within 1 year HK\$'000	Over one year but not more than five years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
<b>As at 31 March 2022</b>					
Trade and other payables	N/A	127,198	–	127,198	127,198
<b>As at 31 March 2021</b>					
Trade and other payables	N/A	157,617	–	157,617	157,617
Bank borrowings	1.53	155,286	–	155,286	155,286
Lease liabilities	4.58	1,094	–	1,094	1,071
		313,997	–	313,997	313,974

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Financial risk management objectives and policies (Continued)

#### Liquidity risk (Continued)

Bank borrowings with a repayment on demand clause are included in the “repayable on demand or within 1 year” time band in the above maturity analysis. As at 31 March 2021, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$155,286,000.

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group’s variable rate bank loans based on the scheduled repayment dates set out in the loan agreement as set out in the table below:

	Weighted average interest rate %	Repayable on demand or within 1 year HK\$'000	1–2 years HK\$'000	2–5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
<b>As at 31 March 2022</b>	N/A	–	–	–	–	–	–
As at 31 March 2021	1.53	10,517	10,517	31,551	123,575	176,160	155,286



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value measurements of financial instruments

#### *Fair value of the Group's financial assets that are measured at fair value on a recurring basis*

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to the fair value
	2022 HK\$'000	2021 HK\$'000				
Equity instruments at FVTOCI						
- Listed equity investments ( <i>Note 18</i> )	-	19,831	Level 1	Quoted bid prices in the markets	N/A	N/A
- Unlisted equity investments in the PRC ( <i>Note 18</i> )	2,946	2,830	Level 3	Market approach was used to determine the fair values using price to net-book value ("P/B") ratio of selected comparable listed companies in a similar business and similar business model and adjusted for the lack of marketability.	The lack of marketability discount and the P/B ratio of selected comparable companies.	The higher the lack of marketability discount, the lower the fair value. The higher the P/B ratio, the higher the fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value measurements of financial instruments (Continued)

**Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)**

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to the fair value
	2022 HK\$'000	2021 HK\$'000				
Financial assets at FVTPL						
- Convertible bond (Note 23)	117,144	111,207	Level 3	Binomial option pricing model was used to determine the fair value using stock price, conversion price, time to maturity, risk-free rate, dividend yield and volatility	Volatility	The higher the volatility, the higher the fair value. If the volatility was increased/decreased by 1%, the fair value of the convertible bond would be 0.12% higher/lower.
- Unlisted investment funds (Note 23)	43,099	19,663	Level 3	Net asset value (Note a)	The lack of marketability discount	The higher the lack of marketability discount, the lower the fair value.
- Listed equity investment (Note 23)	22,452	36,600	Level 1	Quoted bid prices in the markets	N/A	N/A
Debt instruments at FVTOCI						
- Listed bond securities (Note 24)	216,582	795,591	Level 2	Quoted prices by the brokers	N/A	N/A
- Unlisted fund securities (Note 24)	-	27,513	Level 3	Redemption price (Note b)	N/A	N/A

Notes:

- (a) As at 31 March 2022 and 2021, the fair values of the unlisted investment funds were stated with reference to the net asset value provided by the relevant administrators of the investment funds. The Group regularly reviews the valuations of the underlying investments held by respective investment funds to assess the appropriateness of the net asset values as provided by the fund administrators, and may make adjustments as they consider appropriate.
- (b) The fair value of unlisted fund securities was established by making reference to the redemption price quoted by respective fund managers.

There is no transfer amongst level 1, 2 and 3 for both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 37. FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value measurements of financial instruments (Continued)

#### *Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)*

*Reconciliation of Level 3 fair value measurements*

	Equity instruments at FVTOCI <i>HK\$'000</i>	Financial assets at FVTPL <i>HK\$'000</i>	Debt instruments at FVTOCI <i>HK\$'000</i>	Financial products <i>(note)</i> <i>HK\$'000</i>
At 1 April 2020	4,153	106,952	8,437	–
Purchases	–	19,663	15,500	138,084
On disposals or maturity	–	–	–	(138,084)
Fair value (loss) gain	(1,586)	4,255	3,576	–
Exchange realignment	263	–	–	–
At 31 March 2021 and 1 April 2021	2,830	130,870	27,513	–
Purchases	–	29,743	–	28,979
On disposals or maturity	–	(2,635)	(25,420)	(28,979)
Fair value (loss) gain	–	2,265	(2,093)	–
Exchange realignment	116	–	–	–
<b>At 31 March 2022</b>	<b>2,946</b>	<b>160,243</b>	<b>–</b>	<b>–</b>

*Note:* The Group's financial products were issued by banks in the PRC, with maturity and expected but not guaranteed returns, depending on the performance of its underlying investments, including foreign currencies or interest rate linked products, investment funds, bonds and debentures.

#### *Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis*

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 38. PLEDGE OF ASSETS

	2022 HK\$'000	2021 HK\$'000
Owned properties	570,352	592,147
Investment property	27,113	27,668
	<b>597,465</b>	619,815

## 39. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following related party transactions:

	2022 HK\$'000	2021 HK\$'000
Financial public relations service income from Qingling Motors	406	555
Financial public relations service income from Hong Kong Chinese Enterprises Association ( <i>Note 1</i> )	–	126
Rental expenses paid to Draw Up Asset Limited ( <i>Note 3</i> )	2,980	–
Salaries and allowances paid to related parties ( <i>Note 2</i> )	1,103	1,093

*Notes:*

1. Mr. Liu Tianni, the controlling shareholder and director of the Company, has been a member of key management of Hong Kong Chinese Enterprises Association for both years.
2. These related parties are close family members of Mr. Liu Tianni, the controlling shareholder and director of the Company.
3. Mr. Liu Tianni, the controlling shareholder and director of the Company, is a director and a member of key management of Draw Up Assets Limited for both years.

### Compensation of key management personnel

The remuneration of directors and other member of key management during the year is as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and allowances	7,784	7,606
Performance related incentive payments	1,500	1,345
Retirement benefit scheme contributions	72	72
Share-based payments	328	618
	<b>9,684</b>	9,641

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries held by the Company at 31 March 2022 and 2021 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 March		Principal activities
				2022	2021	
				%	%	
Alpha Financial Press Limited	Hong Kong, 17 December 2014	Hong Kong	USD1	100	100	Provision of financial printing services in Hong Kong
CapitalConnect Financial Singapore Pte. Ltd.	Singapore, 6 October 2015	Singapore	USD1	100	100	Property investment
Delta Consultancy Group Company Limited	BVI, 17 February 2005	Hong Kong	USD2	100	100	Property holding
Far East Rich Profit Limited	Hong Kong, 13 March 2017	Hong Kong	HK\$1	100	100	Yacht holding
Fortunate Idea Holdings Limited	BVI, 13 February 2015	Hong Kong	USD1	100	100	Investment holding and securities investments
Great Prospect Global Limited	BVI, 15 June 2020	Hong Kong	USD10,000	100	100	Investment holding
IR Global Roadshow Limited	BVI, 15 September 2010	Hong Kong	USD50,000	100	100	Organisation and coordination of international roadshows

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Particulars of the principal subsidiaries held by the Company at 31 March 2022 and 2021 are as follows: *(Continued)*

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 March		Principal activities
				2022	2021	
				%	%	
Shine Talent Holdings Limited*	BVI, 11 November 2010	Hong Kong	USD2	100	100	Investment holding
Wonderful Sky Financial Group Limited	Hong Kong, 1 August 2006	Hong Kong	HK\$10,000	100	100	Provision of financial public relations services in Hong Kong
Wonderful Sky Strategic Investment Consulting (Beijing) Limited <sup>#</sup>	PRC, 13 September 2012	PRC	HK\$5,000,000	100	100	Provision of financial public relations services in the PRC
Wonderful Sky Strategic Investment Consulting (Shenzhen) Limited <sup>#</sup>	PRC, 2 April 2020	PRC	HK\$10,000	100	100	Provision of financial public relations services in the PRC

\* Directly held by the Company

<sup>#</sup> The company was established in the PRC in the form of a wholly foreign-owned enterprise with limited liability.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year and at the end of the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 HK\$'000	2021 HK\$'000
Non-current assets		
Investments in subsidiaries	–	–
Amount due from a subsidiary	<b>359,958</b>	358,758
Equity instruments at FVTOCI	–	19,831
Financial assets at FVTPL	<b>39,696</b>	130,870
Debt instruments at FVTOCI	<b>26,242</b>	233,871
Club debenture	<b>12,200</b>	12,200
	<b>438,096</b>	755,530
Current assets		
Debt instruments at FVTOCI	<b>969</b>	52,150
Amounts due from subsidiaries	<b>613,654</b>	628,612
Financial assets at FVTPL	<b>117,144</b>	–
Bank balances and cash	<b>16,752</b>	9,119
Time deposits	<b>187,958</b>	–
	<b>936,477</b>	689,881
Current liabilities		
Other payables	<b>2,151</b>	28,400
Amounts due to subsidiaries	<b>658,315</b>	572,002
Taxation payable	–	9,938
	<b>660,466</b>	610,340
Net current assets	<b>276,011</b>	79,541
Net assets	<b>714,107</b>	835,071
Capital and reserves		
Share capital	<b>11,515</b>	11,515
Reserves ( <i>Note</i> )	<b>702,592</b>	823,556
Total equity	<b>714,107</b>	835,071

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	FVTOCI reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020	711,774	(4,773)	3,439	(43,748)	85,679	752,371
Profit for the year	-	-	-	-	68,158	68,158
Net gain on debt instruments at FVTOCI	-	-	-	1,546	-	1,546
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	2,121	-	2,121
Loss on change in fair value of equity instruments at FVTOCI	-	-	-	(1,258)	-	(1,258)
Other comprehensive income for the year	-	-	-	2,409	-	2,409
Total comprehensive income for the year	-	-	-	2,409	68,158	70,567
Transactions with owners:						
<i>Contributions and distributions</i>						
Recognition of equity-settled share-based payments	-	-	618	-	-	618
Lapse/Forfeiture of share options	-	-	(497)	-	497	-
Total transactions with owners	-	-	121	-	497	618
At 31 March 2021	711,774	(4,773)	3,560	(41,339)	154,334	823,556



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: (Continued)

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	FVTOCI reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2021	711,774	(4,773)	3,560	(41,339)	154,334	823,556
Loss for the year	-	-	-	-	(99,809)	(99,809)
Net loss on debt instruments at FVTOCI	-	-	-	(76,553)	-	(76,553)
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	47,815	-	47,815
Gain on change in fair value of equity instruments at FVTOCI	-	-	-	7,255	-	7,255
Other comprehensive income for the year	-	-	-	(21,483)	-	(21,483)
Total comprehensive income for the year	-	-	-	(21,483)	(99,809)	(121,292)
Transactions with owners:						
<i>Contributions and distributions</i>						
Recognition of equity-settled share-based payments	-	-	328	-	-	328
Lapse/Forfeiture of share options	-	-	(1,640)	-	1,640	-
Total transactions with owners	-	-	(1,312)	-	1,640	328
Derecognition of equity instruments at FVTOCI	-	-	-	18,978	(18,978)	-
At 31 March 2022	711,774	(4,773)	2,248	(43,844)	37,187	702,592