



中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

2023

ANNUAL REPORT

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Han Wei (*Chairman*)
Au Tat On
Wang Linbo

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tang Yiu Kay
Cao Jie Min
Liang Kuo-Chieh

COMPANY SECRETARY

Wong Chi Yan

AUTHORISED REPRESENTATIVES

Au Tat On
Wong Chi Yan

AUDITOR

McM (HK) CPA Limited

LEGAL ADVISER

H.Y. Leung & Co. LLP Solicitors

PRINCIPAL BANKER

ICBC (Asia)
CMB Wing Lung Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 4303, 43/F,
China Resources Building,
26 Harbour Road, Wanchai,
Hong Kong

BERMUDA SHARE REGISTRAR AND TRANSFER AGENT

Conyers Corporate Services (Bermuda) Limited
Clarendon House,
2 Church Street, Hamilton HM11,
Bermuda

HONG KONG SHARE REGISTRAR

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

<http://www.736.com.hk>

STOCK CODE

736

LETTER FROM THE BOARD

On behalf of the board (the “Board”) of directors (the “Directors”) of China Properties Investment Holdings Limited (the “Company”), I am pleased to present the annual results of the Company and its subsidiaries (together the “Group”) for the year ended 31 March 2023 to the shareholders of the Company (the “Shareholders”).

OPERATING RESULTS

For the year under review, the Group’s turnover for the continuing operation was approximately HK\$68.26 million (2022: approximately HK\$86.37 million), representing a decrease of approximately 20.97% compared with last year. The decrease in turnover was mainly due to decrease in loan interest income from the money lending business.

The audited net loss for the year was approximately HK\$57.18 million (2022: net profit of approximately HK\$13.04 million) and the basic loss per share from continuing and discontinued operations was HK21.40 cents (2022: basic earning per share was HK7.18 cents).

The loss of the Group was mainly attributable to expected credit loss on loan receivables and valuation loss on investment properties.

The administrative expenses of the Group for the year amounted to approximately HK\$16.92 million (2022: approximately HK\$26.86 million), representing a decrease of approximately 37% compared with last year, which was resulted from stringent cost control of the Group. The finance cost of the Group amounted to approximately HK\$9.05 million (2022: approximately HK\$10.86 million) which was mainly incurred for the interest-bearing borrowings under the security of investment properties in Shanghai and the unconvertible bonds issued by the Company and interest expense on lease liabilities.

BUSINESS REVIEW

During the year under review, the principal business activities of the Group included the properties investment and money lending.

For the properties investment, as at 31 March 2023, the aggregate gross floor area of the investment properties being held by the Group was approximately 7,004 square meters, 100% of which was leased to third parties under operating leases with lease terms ranging up to twelve years. For the year ended 31 March 2023, approximately 14,469 square meters of the gross floor area of the leased property were sub-leased to third parties under operating leases with lease terms ranging from four years to eight years.

LETTER FROM THE BOARD

For the year ended 31 March 2023, the rental incomes of approximately HK\$24.78 million were recorded.

The money lending business generated steady interest income during the year. For the year ended 31 March 2023, the Group had a gross loan portfolio amounted to approximately HK\$646.93 million with the average interest rate of 11.47%. The interest income generated from the money lending business was approximately HK\$43.48 million for the year ended 31 March 2023.

BUSINESS MODEL

The Group holds a money lenders licence in Hong Kong pursuant to the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and provides loan facilities to prospective clients including enterprises and individuals. The Group earns interest income from the provision of such loan facilities through a wholly owned subsidiary of the Company, Triple Glory Holdings Limited (“TGHL”).

KEY INTERNAL CONTROLS

The Group has adopted and followed a series of internal control procedures to regulate money lending to ensure comprehensive risk management, so as to safeguard the interests of the Company and its shareholders. The key internal controls adopted by the Group in terms of credit risk assessment, credit approval and ongoing monitoring of loan recoverability and loan collection are outlined below:

1) *Credit risk assessment*

After receiving the potential client’s application, the business team which consists of the general manager and certain subordinate staff of TGHL (the “Business Team”) will, in compliance with the requirements under applicable laws and regulations in Hong Kong and the PRC, perform a credit risk assessment to review and assess the potential client’s credit rating, credit risk, repayment ability, and financial status. The credit risk assessment covers, including but not limited to, the following aspects of the potential clients or guarantor (as the case may be):–

LETTER FROM THE BOARD

Descriptions	Documents Reviewed
a. know-your-client process;	Those documents received during the processes listed in items (b) to (i) below
b. identity verification and authentication;	Individuals: ID card and/or passport Corporate: business registration certificate, certificate of incorporation and constitutional documents, etc.
c. historical credit records and rating;	Credit and/or litigation search (if any)
d. purpose of loan, repayment plan, and source of funds for repayment;	Loan application form, bank statement and asset/worth proof (if any)
e. cash flows, assets and liabilities (whether actual or contingent);	Individuals: bank statement, income proof, such as salary slip or tax return/demand note and/or asset/worth proof Corporate entities: audited financial statements, management accounts and sales contract(s), (where applicable)
f. income stream, earning capacity and prospective income stream or business performance;	Same as (e).
g. interview in person or, in the case of corporate clients, on-site visit;	N/A
h. the overall risk level of provision of the loan; and	Risk assessment conducted by TGHL's staff.
i. other matters as may be considered necessary by the business team.	Case by case

In the meantime, the financial department will, among others, conduct a name screening to confirm whether there is any connected person relationship as ascribed under the Listing Rules and engage independent valuer(s) to evaluate the value of assets/collaterals proposed by the potential clients or guarantor (if any).

LETTER FROM THE BOARD

2) *Formulation of the preliminary proposal by the business team*

Based on the results of the credit risk assessment as set forth above, the business team will compile a preliminary proposal formulating the key terms of the loan on a case-by-case basis, including the principal amount, the interest rate and the tenure, and submit the same to the accounting team for further review.

The interest rate determined should reflect the risk level for the transaction subject to limits or requirements under applicable laws.

3) *Review by the accounting team*

After receiving all documents in relation to the loan application and the preliminary proposal from the business team, the accounting team taking a prominent role in overseeing the internal control procedure of the Group will independently review the entire application. In addition, the accounting team will conduct the size tests for each transaction for the review of the board of TGHL or the Board and consideration in order to comply with the Listing Rules including the notification and shareholders' approval requirements, and where necessary, consult with the Company's legal adviser or financial adviser.

4) *Credit approval*

For the loan applications which have passed those procedures as outlined above, they will then be passed to the board of TGHL or the Board or the shareholders of the Company (as the case may be) for approval in accordance with the transaction size indicated by applicable percentage ratios under the Listing Rules.

5) *Ongoing monitoring of loan recoverability and loan collection*

- a. In respect of money lending clients, TGHL's financial department creates in its loan register for each client an independent sub-account recording and updating, among others, the principal loan amount, repayment schedule for principal and interest and repayment records. Those records are respectively reviewed and approved by the accounting manager and chief financial officer of the TGHL on a monthly basis.
- b. Upon receipt of clients' repayment(s), the financial department shall verify the amount repaid with the repayment schedule and, if any discrepancy is discovered, notify the business team to follow up with the relevant client.
- c. In order to minimize the Group's exposure to credit risk, the management and the board of TGHL conduct regular reviews quarterly in order to, inter alia, monitor loan collection and loan recoverability, identify potential risks/problems therefrom and plan mitigating measures.

LETTER FROM THE BOARD

- d. When a client defaults, the financial department shall issue an overdue notice to the relevant defaulting client, and report the overdue case to the management and board of TGHL who shall closely monitor the situation throughout by reviewing the reason for such overdue cases, assessing the recoverability of the loan and directing appropriate action to be taken on a case-by-case basis. In the case that the overdue persists after issuance of the said overdue notice, TGHL may instruct its legal representative to issue a demand letter(s) to the defaulting clients in which a final warning will be given. If the circumstances warrant, TGHL may consider commencing legal actions against the defaulting client after seeking legal advice.

MAJOR TERMS OF TRANSACTIONS, SIZE AND DIVERSITY OF CLIENTS AND CONCENTRATION OF TRANSACTIONS ON MAJOR CLIENTS AND MOVEMENT ON LOSS IMPAIRMENT

Money lending

The money lending clients are mainly referrals from the business partners/existing clients of the Group, comprising individuals either holding marketable assets or whose occupations involve business owners or senior management of a company, and a company engaged in human resources management. The Business Team may also solicit potential borrowers through business promotion and their business connections. The source of funding for the money lending business includes equity fund raising and fund generated from internal business operation.

As at 31 March 2023, there were a total of 147 borrowers whose loans were outstanding, out of which 146 were individuals and 1 was a corporation, with the principal amount per loan ranging from approximately HK\$0.4 million to approximately HK\$50 million. To the best knowledge, information and belief of the Board, all these borrowers and their respective ultimate beneficial owners (in the case of corporate clients) are independent of the Company and its connected persons (as ascribed under the Listing Rules).

The major terms of loans granted (including details of the collaterals) are disclosed in note 25 to the consolidated financial statements in the 2023 Annual Report. The loan principal to the top client and top 5 clients amounted to approximately 43.43 million and 202.28 million, representing approximately 6.71% and 31.27% of the total outstanding loan principal as at 31 March 2023. The Group conducts continuous credit assessments for all clients not only upon the establishment of business relationships but also throughout the term of business relationships with the clients. The assessment focuses on the client's credit status, financial status and repayment ability, as well as the business factors which may affect the client's source of income or, in the case of any client being a corporation, performance of the client's operations and hence its repayment ability. Besides, the value of the collateral is assessed annually. When circumstances arise which might indicate that the Group will not be able to recover the amount according to the original terms, impairment will be considered and made.

LETTER FROM THE BOARD

During the year ended 31 March 2023, impairment of approximately HK\$171.63 million and HK\$1.32 million has been made for loans and interest receivables respectively whereas, during the year ended 31 March 2022, those figures were approximately HK\$117.17 million and HK\$6.35 million. For the year ended 31 March 2023, the impairment provision was 26.53% (2022: 20.21%). As such, the movement of the impairments for loans and interest receivables during the year ended 31 March 2023 were HK\$53.94 million and HK\$-5.03 million. The main reasons for such movements include an increase in the size of the loan pool and the portion of the unsecured loan, the adverse effect of COVID-19 pandemic and the downturn of the economy. During the year ended 31 March 2023 the Group did not record any (i) bad debt and (ii) written off of loans receivable.

The Group has complied with requirements set out in Chapter 14 and/or 14A of the Listing Rules when it granted the loans to each of the respective borrower whose loan was still outstanding as at 31 March 2023.

The procedures performed by the Group in calculating the expected credit loss are disclosed in note 4(i) to the consolidated financial statements of the 2023 Annual Report.

OUTLOOK

Going forward, the Group will keep on expanding the properties investment business so as to enhance the rental incomes of the Group. In the meantime, the Group will remain focused on its money lending business which will generate steady revenue stream for the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2023, the Group's net current assets were approximately HK\$344.86 million (2022: approximately HK\$435.04 million), including cash and bank balances of approximately HK\$0.97 million (2022: approximately HK\$16.47 million).

The Group had bank borrowings of approximately HK\$86.74 million as at 31 March 2023 (2022: approximately HK\$98.20 million), of which 4.61%, 5.14%, 20.62%, 69.63% were due within 1 year, after 1 year but within 2 years, after 2 years but within 5 years, after 5 years respectively from balance sheet date. The gearing ratio, defined as the percentage of total debts to the total equity of the Company, was approximately 13.22% (2022: 13.32%).

SIGNIFICANT INVESTMENTS

Investment with fair value accounting for more than 5% of the Group's total assets shall be considered as significant investment. The Company did not have significant investment as at 31 March 2023.

LETTER FROM THE BOARD

FOREIGN EXCHANGE EXPOSURE

As most of the Group's assets and liabilities are denominated in Hong Kong dollar, Renminbi and US dollar and the liabilities of the Group are well covered by its assets, the Group does not have any significant exposure to foreign exchange fluctuation. During the year under review, the Group did not use any financial instruments for hedging purposes.

CAPITAL STRUCTURE AND SHARE CAPITALS

There was no change in capital structure of the Company for the year ended 31 March 2023.

CHARGES ON GROUP'S ASSETS

As at 31 March 2023, the Group's investment properties with a value of approximately HK\$165.45 million were pledged to secure a borrowing from Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the Company.

CONTINGENT LIABILITIES

As at 31 March 2023, the Group did not have any material contingent liability (2022: Nil).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no acquisition or disposal of subsidiaries or associated companies of the Group for the year ended 31 March 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2023.

LETTER FROM THE BOARD

EMPLOYEES

As at 31 March 2023, the Group had 25 employees (2022: 25). The remuneration of employees was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The Group provides mandatory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

APPRECIATION

Taking this opportunity, we would like to thank all Shareholders and business partners for their continuous supports. I also thank my fellow directors and staff members for their dedication and contribution to the Group during the year.

On behalf of the Board

Han Wei

Chairman

Hong Kong, 6 September 2023

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Han Wei, aged 52, was appointed as a non-executive director of the Company in December 2016 and was re-designated as executive director in August 2017 and was appointed as the chairman and chief executive officer of the Company in December 2017. He joined the Group in December 2008 as the director and authorized representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the Company. He is also the director of an indirect wholly-owned subsidiary of the Company in Canada. Mr. Han is an intermediate economist conferred by the Ministry of Personnel of the People's Republic of China. He graduated from Shanghai Education Institute (上海教育學院) and studied Finance at Shanghai Finance University (上海金融高等專科學校). He also completed the EMBA programme at Research Institute of Tsinghua University in Shenzhen (深圳清華大學研究院). Mr. Han has extensive experience in banking and business management. Prior to joining the Group, Mr. Han served as the general manager of an investment company in Shanghai for about five years and serves as a manager of Bank of Shanghai. He is responsible for the overall management, strategic planning and business development of the Group.

Mr. Au Tat On, aged 67, was appointed as an executive director of the Company in May 2006. Mr. Au received a bachelor's degree in business administration from Chu Hai College in 1989 and has nearly 28-year experience in banking operations and financing. He is responsible for the general management and money lending business of the Group.

Mr. Wang Linbo, aged 43, was appointed as an executive director of the Company in October 2019. Mr. Wang obtained his Bachelor Degree of Economics and Management from Nanjing Institute of Politics (南京政治學院) in 2005. Prior to joining the Company, Mr. Wang served as the senior account manager of a financial services company for about four years and has been the sales director of technology companies. Mr. Wang has over 18 years of experience in sales and marketing, administration and business operation. He is responsible for the general management and business development of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Yiu Kay, aged 41, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the Company in June 2021. Mr. Tang holds a master degree in financial services and society and a bachelor degree in financial management and accounting. Mr. Tang is currently a practicing member of Hong Kong Institute of Certified Public Accountants and has over 16 years of solid experiences in tax issues, internal control, auditing, financial accounting and business management. Mr. Tang is currently a director of Good Chance CPA Limited and he is primarily responsible for providing consultancy services on tax and audit issues to clients in Hong Kong. Mr. Tang also has professional expertise and extensive experience in financial management and accounting in listed companies in Hong Kong. Mr. Tang is currently an independent non-executive director of Ocean Star Technology Group Limited (formerly known as "My Heart Bodibra Group Limited") (stock code: 8297) which is listed on the GEM Board of the Stock Exchange.

Ms. Cao Jie Min, aged 38, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the Company in May 2009. Ms. Cao holds a bachelor of laws degree in international economy from the Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice of the PRC. She is currently working in the legal & compliance department of Ford Automotive Finance (China) Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Liang Kuo-Chieh, aged 45, was appointed as an independent non-executive director and member of audit committee of the Company in July 2017. Mr. Liang holds a master of science degree in transport and sustainability from Imperial College London and University College London and a bachelor of engineering degree in mechatronics from King's College London, University of London. Mr. Liang is currently working as an enterprise and training manager of Bootstrap Company and is also a board member and social enterprise consultant of Greenwich Social Enterprise Partnership. Mr. Liang has extensive experience in fund raising and financial consulting.

SENIOR MANAGEMENT

Mr. Zhou Hong Tao, aged 45, was appointed as the director of Triple Glory Holdings Limited in August 2011, a wholly owned subsidiary of the Company and is carrying the business of money lending services. Mr. Zhou obtained a bachelor's degree in Engineering from the Dalian University of Technology and a master degree in Business Administration from the Beijing Jiaotong University. He also obtained the IFM certificate from U.S.A. in 2005 and has over ten years of experience in management and merger and acquisition of resource related projects. Prior to joining the Company, Mr. Zhou served (i) at the office of Yanshan District Committee, Beijing City as deputy general manager; and (ii) at PKU Resource Group as director of the project operation centre.

REPORT OF THE DIRECTORS

The Directors of the Company herein present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 19 to the financial statements.

BUSINESS REVIEW

The business review of the Group's performance during the year required under Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including financial key performance and the likely future development in the business of the Group is set out in the "Letter from the Board" on pages 3 to 6 of this annual report. Description of the principal risks and uncertainties facing the Company can be found throughout this annual report particularly in note 4 to the financial statements. This discussion forms part of this "Report of the Directors".

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2023 are set out in the consolidated statement of profit or loss on pages 35 and 36 of this annual report.

The Directors do not recommend payment of any dividends in respect of the year ended 31 March 2023.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 151 of this annual report. This summary does not form part of the audited financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31 March 2023, as far as the Board is aware, there was no material breach of the laws or regulations that have a significant impact on the Company's business and operation by the Company.

REPORT OF THE DIRECTORS

ENVIRONMENTAL PROTECTION POLICY

The Group is committed to build up an environmental-friendly working environment. The Group encourage environmental protection and promote awareness towards environmental protection to the employees. During the year, the Group has implemented various measure to reduce electricity consumption and wastage, including keeping office temperature at reasonable level, switching off idle lightings and electrical appliance, promoting using recycled paper and double-sided printing. The Group will continue to make endeavors in lowering resources consumption and seek to minimize the negative impact of the Group's operations on the environment.

For further details on our environmental protection policies and performance, please refer to the Group's "Environment, Social and Governance Report", which was be published on the websites of the Stock Exchange and the Company on 22 September 2023.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 16 and 18 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 32 and 33 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as the Company's share option scheme disclosed in note 33 to the financial statements, no equity-linked agreements were entered into by the Company during the year ended 31 March 2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws ("Bye-laws") or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2023.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

At 31 March 2023, the aggregate amount of reserves available for distribution to owners of the Company was approximately HK\$491,631,000 (2022: equivalent to approximately HK\$506,797,000) subject to the restriction on the share premium account as stated above.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover for the continuing operations attributable to the Group's five largest customers accounted for approximately 33.75% of the total turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 8.61%. Purchases for the continuing operations from the Group's five largest suppliers accounted for 53.34% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 15.32%.

None of the Directors of the Company or any of their associates or any Shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

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

EXECUTIVE DIRECTORS:

Han Wei (*Chairman*)
Au Tat On
Wang Linbo

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Tang Yiu Kay
Cao Jie Min
Liang Kuo-Chieh

REPORT OF THE DIRECTORS

The Directors have no financial, business, family or other material relationships with each other.

According to Bye-law, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retiring director shall be eligible for re-election. Mr. Au Tat On and Mr. Liang Kuo-Chieh shall retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

There were no service contracts entered into between the Company and the Directors. The Directors will be subject to the general requirement of retirement by rotation and re-election at the annual general meeting of the Company under the Bye-laws.

The Company has received the annual written confirmation from each of the independent non-executive Directors of their independence to the Company. The Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 11 and 12 of the annual report.

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Company's remuneration and nomination committee with reference to the Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' SERVICE CONTRACTS

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

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2023, none of the Directors or their associates (if any, as defined under the Listing Rules) was interested in any business which competes or is likely to compete with the businesses of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed in note 36 to the financial statements, none of Directors of the Company or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party at any time during the year ended 31 March 2023.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2023, no Directors has registered an interest or short position in the share capital (the "Shares") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules:

The interests of Directors in the share options of the Company are separately disclosed in the note 33 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 33 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-Laws of the Company, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all losses, damages and expenses which he/she may incur or sustain by reason of any act done about the execution of duties of his/her office or otherwise in relation thereto.

There is appropriate directors' and officers' liabilities insurance coverage for the Directors and officers of the Group.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 March 2023, so far as known to the Directors, there was no person who had an interest or short position in the shares of the Company and underlying shares which would require disclosure to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the Company.

CONNECTED TRANSACTIONS

During the year under review, the Company did not enter into any non-exempted connected transaction within the meaning of the Listing Rules.

Significant related party transactions entered into by the Group during the year ended 31 March 2023, which do not constitute connected transactions under the Listing Rules, are disclosed in note 36 to the financial statements.

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after reporting period.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of directors, the Company maintained a sufficient public float throughout the year ended 31 March 2023.

AUDITOR

McM (HK) CPA Limited acted as auditor of the Company and audited the Group's consolidated financial statements for the financial year ended 31 March 2023. A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint McM (HK) CPA Limited as auditor of the Company.

ON BEHALF OF THE BOARD

Han Wei
Chairman

Hong Kong, 6 September 2023

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

In view of the corporate governance practices, the Company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our Shareholders' expectations. The Company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company recognizes the maintenance of good corporate governance practices is essential to the growth of the Company. In the opinion of the Directors, the Company had complied with the CG Code throughout the year ended 31 March 2023 except for the code provisions A.2.1 and E.1.2. Details of the deviation are set out in the relevant section below.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard as set out in the Model Code.

BOARD OF DIRECTORS

The Board comprises six directors, including three executive Directors and three independent non-executive directors. Details of the board composition are set out in the Report of Directors on page 13.

The Board formulates overall strategies and policies of the Group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal controls and the conduct of business in conformity with applicable laws and regulations. Decisions requiring the board's approval include, among others, all matters of objective and strategic importance, corporate governance practices, changes in board members, major transactions and investment commitments, annual budget, all policy matters etc. The day-to-day management, administration and operation of the Company are delegated to senior management which is accountable to the Board for the implementation of the Group's overall strategies and coordination of overall business operations.

The Company also recognized and embraced the benefits of having a diverse board to the quality of its performance. The Board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

CORPORATE GOVERNANCE REPORT

The Board members are fully committed to their roles and have always acted, individually and collectively, in the best interests of the Company and its shareholders at all times. To the best knowledge of the Company, there is no financial, business, family or other relevant relationship amongst directors. Biographical details of the directors are set out on pages 11 and 12 under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

The number of full board meetings and general meetings held during the year ended 31 March 2023 and the directors' respective attendance record are summarised as follows:

	Number of general meeting Attended/Held	Number of Board meeting Attended/Held
Executive Directors		
Han Wei	0/1	12/12
Au Tat On	1/1	12/12
Wang Linbo	0/1	12/12
Independent Non-executive Directors		
Cao Jie Min	0/1	12/12
Liang Kuo-chieh	0/1	12/12
Tang Yiu Kay	1/1	12/12

* By reference to the number of meetings held during the director's tenure

The code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman was unable to attend the Company's annual general meeting held on 7 November 2022 due to his other work commitments.

The Board will continue to improve its corporate governance practices appropriate to the conduct and development of its business and to review such practices from time to time to ensure that they are in line with the latest developments and statutory standards.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Han Wei, the chairman of the Company, also acted as chief executive officer of the Company during the year under review, deviating from the requirement of the code provision A.2.1. The Board considered that this structure was conducive with strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

The chairman of the Company takes the lead in formulating overall strategies and policies of the Group which include compliance with good corporate governance practices and to facilitate active contribution of directors in board activities. He also ensures that all Directors are properly briefed on issues arising at board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

EXECUTIVE DIRECTORS

The executive Directors are responsible for management of the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that proper internal control system is in place and the Group's business conforms to applicable laws and regulations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participations provide adequate checks and balances to safeguard the interests of the Group and its shareholders. The Board consists of three independent non-executive directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the independent non-executive directors a confirmation of independence for the year pursuant to the Listing Rules. On this basis, the Company considers all such directors to be independent.

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the year, all Directors were provided with regular updates on corporate governance and regulatory requirements under which the Group conducts its business. Directors are encouraged to attend relevant training courses at the Company's expenses. All directors confirmed that they have participated in continuous professional development by attending seminars or studying relevant materials on the topics related to corporate governance and regulations.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS AND BOARD COMMITTEES

In view of the corporate governance practices, the Company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders' expectations. The Company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company recognizes the maintenance of good corporate governance practices is essential to the growth of the Company. In the opinion of the Directors, the Company had complied with the CG Code throughout the year ended 31 March 2023 except for the code provisions A.2.1 and E.1.2. Details of the deviation are set out in the relevant section below.

AUDIT COMMITTEE

The Company has established an audit committee ("Audit Committee") which currently comprises three independent non-executive directors. The duties of the Audit Committee include the following:

- To act as the key representative body for overseeing the Company's relations with the external auditor, and to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of its resignation or dismissal.
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.
- To develop and implement policy on engaging an external auditor to supply non-audit services.
- To monitor integrity of the Company's financial statements and annual report and accounts, half-year report and to review significant financial reporting judgments contained therein.
- To review the Company's financial controls, internal control and risk management systems.
- To discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system.
- To consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings.
- To review the Group's financial and accounting policies and practices.
- To review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response.

CORPORATE GOVERNANCE REPORT

- To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter.
- To consider other topics, as defined by the Board.
- To review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.
- To perform the duties as set out in Code Provision C.3.3 of the CG Code.

During the year ended 31 March 2023, the Audit Committee held 3 meetings, details of attendance are set out below:–

Members	Number of meetings Attendance/Held
Tang Yiu Kay (<i>Chairman</i>)	2/2
Cao Jie Min	2/2
Liang Kuo-chieh	2/2

* By reference to the number of meetings held during the director's tenure

The Audit Committee during the year in conjunction with the auditor has reviewed the internal controls, interim and annual results of the Group and its other duties (if relevant) in the CG Code.

The Board has not taken any different view from that of the Audit Committee regarding selection, appointment, resignation or dismissal of external auditor.

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

The remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the Company have been established by the Board. Both committees currently comprise three independent non-executive directors. The duties of the Remuneration Committee include the following:

- To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.
- To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- To review and determine the remuneration packages of the directors with reference to their duties and responsibilities with the Company.

CORPORATE GOVERNANCE REPORT

- To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.
- To review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.
- 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.
- To ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

The duties of the Nomination Committee include the following:

- 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.
- 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.
- To assess the independence of independent non-executive Directors.
- To make recommendations to the Board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman of the board and the chief executive officer.

In addition, the Nomination Committee as a whole is responsible for reviewing the board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. Where vacancies exist, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

For the avoidance of doubt, the Directors and their associates do not participate in decisions making relating to their own remuneration.

During the year ended 31 March 2023, the Remuneration Committee and Nomination Committee held 1 meeting, details of attendance are set out below:-

Members	Nomination Committee	Remuneration Committee
	Number of meetings Attendance/Held	Number of meetings Attendance/Held
Cao Jie Min	1/1	1/1
Au Tat On	1/1	1/1
Tang Yiu Kay	1/1	1/1

* By reference to the number of meetings held during the director's tenure

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing all information and representations contained in the financial statements of the Group for the year. The Directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. The Directors, having made appropriate enquiries, are 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 statement of the auditor of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 28 to 34 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board places great importance on risk management and internal control and has ultimate responsibilities for overseeing management in the design, implementation and monitoring of the risk management and internal control system of the Group on an ongoing basis. The Board is also committed to review the adequacy and effectiveness of the Group's risk management and internal control systems.

The Group has been maintaining the risk management and internal control systems with aims to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable and not absolute assurance against material misstatements or losses caused by judgment in decision making process, human error, fraud or other irregularities.

In order to comply with the applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules, the Board has retained APEC RISK MANAGEMENT LIMITED, an independent professional firm as the outsourced internal auditor with a view to facilitating adequacy of resources and quality of review to satisfy the Group's internal audit function as required by the Listing Rules and to assist the Board to perform annual review on the effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2023.

During the year ended 31 March 2023, the Group has reviewed an internal audit charter which defined the scope and the duties and responsibilities of the internal audit function and its reporting protocol. The Group has conducted an annual risk assessment which identified respective strategic risks, operational risks, financial risks and compliance risks for each of the major business segment of the Group. Risk factors were analyzed and consolidated at the Group level. Based on the risk assessment results following a risk based methodology audit approach, a three-years' audit plan was updated which prioritized the risks identified into annual audit projects. Annual review was performed according to the audit plan with a view to assisting the Board and the Audit Committee to evaluate the effectiveness of the Group's risk management and internal control systems. The review also covered material controls, including financial, operational and compliance controls at entity and operational levels. The Group has taken further steps to enhance its risk management and internal control systems according to some weaknesses, which were found during risk assessment and examination of the internal control, and strengthen the implementation of all the risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

The Group has been maintaining procedures in handling and dissemination of inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the Group.

Based on the risk management and internal control systems established and maintained by the Group, the work performed by the external auditor, the internal auditor, and reviews performed by the management, respective Board committees and the Board, the Audit Committee and the Board are of the view that the Group has maintained sound, effective and adequate risk management and internal control system during the year ended 31 March 2023.

AUDITOR'S REMUNERATION

An analysis of the auditor's remuneration is set out as follows:

	For the year ended 31 March 2023 Approximately HK\$'000	For the year ended 31 March 2022 Approximately HK\$'000 (Restated)
Services rendered		
Audit services paid/payable to the existing auditor	942	880
Non-audit services paid/payable to the existing auditor	150	150
Total:	1,092	1,355

SHAREHOLDERS' RIGHTS

Pursuant to Article 58 of the Bye-laws and the Companies Act 1981 of Bermuda (the "Companies Act"), the Board may whenever it thinks fit call special general meetings, and shareholders holding 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 a special general meeting to be called by the Board and such meeting shall be held within two (2) months after the deposit of such requisition. The requisition must state the purposes of the meeting and the matter referred to in any proposed resolution or the business to be dealt with at that meeting, and must be signed by the requisitionists and deposited at the registered office of the Company. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act.

Shareholders may send written enquiries to the Company, for the attention of the Board or the secretary of the Company, by post to Room 4303, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Shareholders may also direct their questions about their shareholdings to Tricor Secretaries Limited, the Company's Hong Kong share registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The Company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. To facilitate and enhance the relationships and communication, the Company has established, including but not limited to, the following various channels:

- 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 at annual general meetings to address Shareholders' queries;
- separate resolutions are proposed at general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in circulars to the shareholders to facilitate the enforcement of shareholders' rights;
- interim and annual results are announced as early as possible so that the Shareholders are kept informed of the Group's performance and operations; and
- corporate website of www.736.com.hk contains extensive information and updates on the Company's business developments and operations, financial information and other information.

CONSTITUTIONAL DOCUMENTS

A copy of the latest version of the Company's constitutional documents including the memorandum of association of the Company and the Bye-laws were posted on the websites of the Company and the Stock Exchange respectively.

During the year ended 31 March 2023, there was no change in the Company's constitutional documents.

INDEPENDENT AUDITOR'S REPORT



McM (HK) CPA Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Properties Investment Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 35 to 150, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of 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 judgement, 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. The key audit matters we identified are:

1. Allowance of expected credit losses on loan receivables; and
2. Valuation of investment properties.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Allowance of expected credit losses on loan receivables

Refer to notes 2(j), 4(i), 5(a)(i) and 25 to the consolidated financial statements.

We identified the allowance of expected credit losses on loan receivables as a key audit matter due to the significant management judgement involved in identification and measurement of loss allowance for expected credit losses.

The Group had loan receivables totalling approximately HK\$475,303,000 as at 31 March 2023, net of accumulated allowance of expected credit losses of approximately HK\$171,631,000 recognised as at 31 March 2023.

Under the expected credit losses ("ECLs") approach, management assesses the ultimate recovery of loan receivables, by considering various factors, including the ageing of the receivables balances, borrower's current creditworthiness, the past collection history and the realisable value of collaterals from borrowers and their guarantors.

How the matter was addressed in the audit

Our procedures in relation to allowance of expected credit losses on loan receivables included:

- Understanding through enquiry with the management the established policies and procedures on credit risk management of the Group, assessing and evaluating the design of controls with respect to identification of impaired loan receivables;
- In respect of loan receivables, examining, on a sample basis, loan agreements for the legal enforceable right to dispose the securities collateral if any, for settlement of borrowers' obligations;
- On a sample basis, evaluating management's judgement over the recoverability and creditworthiness of the borrowers and assessing whether the ECLs made by management were adequate and appropriate against the available information, such as the recoverable amount of collaterals, past collection history of borrowers, the Group's actual loss experience and subsequent repayment of monies or additional collateral received from clients or their guarantors;
- assessing the appropriateness of management's estimate of loss allowance by evaluating management's assessment of whether the credit risk of loan receivables has increased significantly since initial recognition;
- Assessing the appropriateness of the management's judgement in determining the significant increase in the credit risk;
- Assessing the reasonableness of the Group's ECL models by examining the model input used by the management to form judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information including economic variables and assumptions used in each of the economic scenarios and their probability weightings and assessing whether there as an indication of management bias when recognising loss allowances;
- Recalculating the amount of the ECL on loan receivables and assessing the appropriateness and adequacy of the ECL at the end of the reporting period; and
- Reviewing the appropriateness of disclosures made in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Valuation of investment properties

Refer to note 2(g), 5(a)(ii) and 18 to the consolidated financial statements.

As at 31 March 2023, the Group owned and leased investment properties with the fair value estimated by the management of the Company of approximately HK\$277,160,000. The valuation was significant to our audit because the value was significant to the Group and the valuation involved significant judgement and estimations.

Apart from the leased investment properties which the fair value was estimated by the management, the Company engaged an independent valuer to determine the fair value on the owned investment properties.

How the matter was addressed in the audit

Our procedures in relation to valuation of investment properties included:

- Reviewing the valuation report or estimation prepared by the independent valuer and the management;
- Understanding the valuation methodologies, basis and assumptions adopted by the valuer of the Company and the management;
- Challenging and assessing the reasonableness of the key assumptions and inputs adopted;
- Assessing the background of the valuer and the management;
- Evaluating the management and valuer's competence, capabilities and objectivity;
- Engaging auditor expert to review the appropriateness of the valuation methodology; and
- Performing sensitivity analysis on parameter such as market yield.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 90 of Bermuda Companies Act, 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.

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

McM (HK) CPA Limited

Certified Public Accountants

Wong Ka Bo, Jimmy

Audit Engagement Director

Practising Certificate Number P07560

24/F, Siu On Centre, 188 Lockhart Road, Wan Chai
Hong Kong, 6 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	7	68,255	86,370
Valuation loss on investment properties	18	(51,950)	(22,597)
Valuation gain on property under development	23	–	6,252
Unrealised gain on trading securities	22	2,039	7,112
Allowance of expected credit loss on loan and interest receivables from money lending business, trade receivables and other receivables, net		(54,244)	(46,083)
Other income	8(a)	4	6,726
Other gains and losses, net	8(b)	114	17,137
Administrative expenses		(16,923)	(26,862)
(Loss)/profit from operations		(52,705)	28,055
Finance costs	9(a)	(9,050)	(10,862)
(Loss)/profit before taxation from continuing operations	9	(61,755)	17,193
Income tax credit/(expense)	12	4,575	(4,139)
(Loss)/profit for the year from continuing operations		(57,180)	13,054
Loss from discontinued operations	13	–	(16)
(Loss)/profit for the year		(57,180)	13,038

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Attributable to:			
Owners of the Company		(57,180)	13,038
(LOSSES)/EARNINGS PER SHARE			
	15		
From continuing and discontinued operations			
Basic (HK Cents)		(21.4)	7.18
Diluted (HK Cents)		(21.4)	7.18
From continuing operations			
Basic (HK Cents)		(21.4)	7.19
Diluted (HK Cents)		(21.4)	7.19

The notes on pages 43 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 HK\$'000	2022 HK\$'000
(Loss)/profit for the year	(57,180)	13,038
Other comprehensive (expense)/income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of:		
– financial statements of group entities	(23,751)	7,639
Total comprehensive (expense)/income for the year	(80,931)	20,677
Attributable to:		
Owners of the Company	(80,931)	20,677

The notes on pages 43 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, Plant and equipment	16	2,238	2,603
Right-of-use assets	17	2,965	5,163
Investment properties	18	277,160	326,353
Trade and other receivables	24	–	29,805
Intangible assets	20	–	–
Goodwill	21	–	–
Loan receivables	25	142,301	81,068
		424,664	444,992
Current assets			
Property under development	23	–	28,863
Trade and other receivables	24	62,805	66,671
Loan receivables	25	333,002	381,572
Financial assets at fair value through profit or loss	22	47,092	42,554
Cash and bank balances	26(a)	971	16,466
		443,870	536,126
Current liabilities			
Other payables	27	75,694	60,802
Other borrowings	28(b)	1,820	8,500
Interest-bearing bank borrowings	28(a)	4,000	4,447
Lease liabilities	29	6,432	7,548
Unconvertible bonds	30	2,800	10,000
Tax payable		8,263	9,787
		99,009	101,084
Net current assets		344,861	435,042
Total assets less current liabilities		769,525	880,034
Non-current liabilities			
Interest-bearing bank borrowings	28(a)	82,739	93,752
Deferred tax liabilities	31(a)	–	9,696
Lease liabilities	29	30,691	39,560
		113,430	143,008
NET ASSETS		656,095	737,026

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	32	106,867	106,867
Reserves	34	549,228	630,159
TOTAL EQUITY		656,095	737,026

Approved and authorised for issue by the board of directors on 6 September 2023.

On behalf of the board

Han Wei
Director

Au Tat On
Director

The notes on pages 43 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Contributed surplus HK\$'000	Equity settled share-based compensation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2021	53,433	2,086,682	(11,153)	136,012	27,392	8,460	(1,644,634)	656,192
Changes in equity for 2021/2022:								
Issue of rights issue shares	53,434	6,723	-	-	-	-	-	60,157
Profit for the year	-	-	-	-	-	-	13,038	13,038
Other comprehensive income	-	-	-	-	-	-	-	-
Exchange differences arising on translation of: – financial statements of group entities	-	-	-	-	-	7,639	-	7,639
Total comprehensive income for the year	-	-	-	-	-	7,639	13,038	20,677
Balance at 31 March 2022	106,867	2,093,405	(11,153)	136,012	27,392	16,099	(1,631,596)	737,026
Balance at 1 April 2022	106,867	2,093,405	(11,153)	136,012	27,392	16,099	(1,631,596)	737,026
Changes in equity for 2022/2023:								
Lapsed of share options	-	-	-	-	(27,392)	-	27,392	-
Loss for the year	-	-	-	-	-	-	(57,180)	(57,180)
Other comprehensive expense	-	-	-	-	-	-	-	-
Exchange differences arising on translation of: – financial statements of group entities	-	-	-	-	-	(23,751)	-	(23,751)
Total comprehensive expense for the year	-	-	-	-	-	(23,751)	(57,180)	(80,931)
Balance at 31 March 2023	106,867	2,093,405	(11,153)	136,012	-	(7,652)	(1,661,384)	656,095

The notes on pages 43 to 150 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Operating activities			
(Loss)/profit before taxation from continuing operations		(61,755)	17,193
Loss before taxation from discontinued operations		–	(16)
Adjustments for:			
Finance costs	9(a),13	9,050	10,862
Interest income	8(a)	(4)	(11)
Depreciation on property, plant and equipment	9(c),13	1,485	633
Depreciation on right-of-use assets	9(c),13	1,338	2,548
Valuation loss on investment properties	18	51,950	22,597
Valuation gain on property under development		–	(6,252)
Unrealised gain on trading securities	22(a)	(2,039)	(7,112)
Allowance of expected credit loss on loan and interest receivables from money lending business, net	9(c)	54,244	40,922
Allowance of expected credit loss on trade and other receivables	9(c)	–	5,161
Loss on termination of lease	8(b)	366	–
Changes in working capital		54,635	86,525
Decrease/(increase) in trade and other receivables		34,349	(57,803)
Increase in loan receivables		(86,828)	(70,950)
Decrease in trading securities		(2,499)	–
Increase in other payables		11,791	18,686
Increase in property under development		–	(210)
Cash generated from/(used in) operations		11,448	(23,752)
Hong Kong Profits Tax paid		(5,934)	(6,107)
Net cash from/(used in) operating activities		5,514	(29,859)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Investing activities			
Payment to acquire property, plant and equipment		(1,005)	(5)
Proceeds from disposal of property under development		29,066	–
Interest received on bank deposits		4	11
Net cash from investing activities		28,065	6
Financing activities			
Proceeds from right-issue share issued		–	60,157
Proceeds from new other borrowings		1,820	18,500
Repayment of bank borrowings		(13,213)	(5,458)
Repayment of unconvertible bond		(7,200)	(8,750)
Repayments of lease liabilities		(11,309)	(7,672)
Repayments of other borrowings		(8,500)	(10,000)
Interest paid for other borrowings		(39)	(602)
Interest paid for interest-bearing bank borrowings		(6,664)	(7,634)
Interest paid for lease liabilities		(2,066)	(1,952)
Interest paid for unconvertible bonds		(281)	(845)
Net cash (used to)/from financing activities		(47,452)	35,744
Net (decrease)/increase in cash and cash equivalents		(13,873)	5,891
Cash and cash equivalents at 1 April		16,466	11,757
Effect of foreign exchange rate changes		(1,622)	(1,182)
Cash and cash equivalents at 31 March		971	16,466
Analysis of the balances of cash and cash equivalents			
Cash and bank balances	26	971	16,466

The notes on pages 43 to 150 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. CORPORATE INFORMATION

China Properties Investment Holdings Limited (the “Company”) is an investment holding company. The principal activities of its subsidiaries are set out in note 19.

The Company was incorporated and domiciled in Bermuda with limited liability under the Companies Act (1981) of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 4303, 43/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of measurement

The consolidated financial statements for the end of reporting period comprise the Company and its subsidiaries (together referred to as “Group”).

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that financial assets at fair value through profit or loss, investment properties and property under development are stated at their fair value as explained in the accounting policies set out in notes 2(e) and 2(g) below.

Items included in the consolidated financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is the functional currency of the Company and the Group’s presentation currency. All amounts are rounded to the nearest thousand except where otherwise indicated.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amount of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Basis of measurement (Continued)

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 5.

c) SUBSIDIARIES

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

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in subsidiary is stated at cost less impairment losses (see note 2(j)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units, (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is test for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

e) OTHER INVESTMENTS IN EQUITY SECURITIES

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 4(vi). These investments are subsequently accounted for as follows, depending on their classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) OTHER INVESTMENTS IN EQUITY SECURITIES (Continued)

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(s)(ii).

f) PROPERTIES, PLANT AND EQUIPMENT

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses (see note 2(j)).

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and
- items of property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 2(i)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	5 years or over the remaining term of the lease, if shorter
Furniture and equipment	5 years
Motor vehicles	4 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) PROPERTIES, PLANT AND EQUIPMENT (Continued)

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

g) INVESTMENT PROPERTIES

Investment properties, including property under development, are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(s)(i).

h) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill 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 are reported at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

Intangible assets acquired in a business combination (Continued)

The following intangible assets with finite useful lives are amortised and charged to profit or loss from the date they are available for use on a straight-line basis and their estimated useful lives are as follows:

–	Trading rights	5 years
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Both the period and method of amortisation are reviewed annually.

Derecognition of intangible assets

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.

i) LEASING

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.

As a lessee

Allocation of consideration to components of a contract

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

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) LEASING (CONTINUED)

As a lessee (Continued)

Allocation of consideration to components of a contract (Continued)

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) LEASING (CONTINUED)

As a lessee (Continued)

Right-of-use assets (Continued)

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties".

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) LEASING (CONTINUED)

As a lessee (Continued)

Lease liabilities (Continued)

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

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

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

Lease modifications

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, loan receivables and trade and other receivables);

Financial assets measured at fair value, including financial assets measured at FVTPL are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

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

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

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(i) Credit losses from financial instruments (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(s)(iii) 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 the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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

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

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

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(ii) *Impairment of non-financial assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets;
- intangible assets;
- goodwill; and
- investments in subsidiaries in the company's statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(ii) Impairment of non-financial assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) CREDIT LOSSES AND IMPAIRMENT OF ASSETS (Continued)

(iii) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

k) LOAN RECEIVABLES

Loan receivables are carried at amortised cost using the effective interest method less allowance for credit loss (see note 2(j)(i)) except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such case, loan receivables are stated at cost less allowance for credit loss. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of reporting period. These are classified as non-current assets.

Interest income is recognised on an effective interest basis.

l) TRADE AND OTHER RECEIVABLES

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see note 2(j)(i)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(j)(i)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) CONTRACT LIABILITIES

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(s)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(l)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(s)(iii)).

n) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2(j)(i).

o) OTHER PAYABLES

Other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) INTEREST-BEARING BORROWINGS/UNCONVERTIBLE BONDS

Interest-bearing borrowings and unconvertible bonds are measured initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings and unconvertible bonds are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing cost (see note 2(u)).

q) OFFSETTING FINANCIAL INSTRUMENTS

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

r) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) INCOME TAX (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) INCOME TAX (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

s) REVENUE AND OTHER INCOME

Income is classified by the Group as revenue when it arises from loan interest, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

i) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentive granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) REVENUE AND OTHER INCOME (Continued)

ii) *Dividend income*

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

iii) *Interest income*

Interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

t) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transactions date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) TRANSLATION OF FOREIGN CURRENCIES (Continued)

The results of foreign operations are translated into Hong Kong Dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong Dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve.

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

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

u) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

v) DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises the post-tax profit or loss of the discontinued operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) RELATED PARTIES

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) EMPLOYEE BENEFITS

i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in employee share-based compensation reserve within equity. The fair value is measured at grant date using the Binomial Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the employee share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the employee share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated losses).

iii) *Termination benefits*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the board of directors, which is the chief operating decision maker (“CODM”) for the purposes of allocating resources to, and assessing the performance, the Group’s various lines of business and geographical locations.

Individually 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.

z) PROVISIONS AND CONTINGENT LIABILITIES

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) NEW AND AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) NEW AND AMENDMENTS TO HKFRSs ISSUED BUT NOT YET EFFECTIVE

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2022. These new and revised HKFRSs include the following which may be relevant to the Group.

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	Effective for accounting periods beginning on or after 1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 – Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to HKFRS 16 - Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include trade and other receivables, loans receivables, other loan and interest receivables, financial assets at fair value through profit or loss, cash and cash equivalents, other borrowings, interest-bearing bank borrowings, other payables and unconvertible bonds.

Details of these financial instruments are disclosed in respective notes. The Group has exposure to the credit risk, liquidity risk, currency risk, interest rate risk and equity price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, loan receivables, other receivables and bank balances.

- a) As at 31 March 2023 and 2022, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any loss allowance.
- b) The Group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.
- c) The other loan and interest receivable with gross carrying amount of HK\$45,138,000 (2022: HK\$45,138,000) was credit impaired as the management of the Company considered that there was evidence indicating the amount cannot be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

- d) In respect of trade receivables arising from rental income from investment properties, in order to minimise the credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its tenants' financial position and condition are performed on each and every major tenant periodically. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. The Group has net trade receivables of HK\$20,578,000 (2022: HK\$16,330,000) from the tenants. The Group has net received rental deposits amounting to HK\$5,230,000 (2022: HK\$4,691,000) from the tenants as collateral. Rents are usually due upon presentation of billing.

In respect of loan receivables from clients, the objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. The Group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group holds collateral against loan receivables in the form of private equities and properties located in Hong Kong held by individual customers. Loan receivables balances are monitored on an ongoing basis, management reviews the recoverable amount of loan receivables at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. Interest income are usually billed on quarterly basis.

In respect of trade receivables arising from financial services, the Group has monitoring procedures for ensuring that follow-up actions are taken to recover overdue debts. The Group reviews the recoverable amount of each individual client and borrower at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduce. Apart from the exposure to margin clients, the directors of the Company considers that the concentration of credit risk is limited due to customer base being large and unrelated.

The Group had other receivable amounting to HK\$17,333,000 (2022: HK\$16,420,000) as at year ended 31 March 2023. In order to reduce the credit risk, the management of the Company has assessed the credit quality of each debtor taking into account its financial position and other factors. For the year ended 31 March 2022, approximately HK\$2,075,000 ECL was recognised. For the year ended 31 March 2023, based on the assessment, the management considered that the expected credit losses of this debtor was minimal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

- e) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor, tenant and margin client. The default risk of the industry in which debtors, tenants or margin client operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group had concentration of credit risk as for 33% (2022: 45%) of the loan receivables, and 100% (2022: 100%) of rental receivables were due from the Group's five largest debtors, and the four (2022: three) largest tenants respectively.
- f) The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

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

	Notes	12-month or lifetime ECL	2023 Gross carrying amount HK\$'000	2022 Gross carrying amount HK\$'000
Financial assets at amortised cost:				
Trade receivables	24	Lifetime ECL (not credit-impaired and assessed individually)	20,578	16,330
		Credit-impaired	11,597	11,571
Interest receivables – money lending	24	12-month ECL (not credit-impaired and assessed individually)	–	–
		Lifetime ECL (not credit-impaired and assessed individually)	781	22,961
		Credit-impaired	1,315	1,229
Other loan and interest receivables	24	Credit-impaired	45,138	45,138
Other receivables	24	12-month ECL (not credit-impaired and assessed individually)	17,333	16,420
Loan receivables	25	12-month ECL (not credit-impaired and assessed individually)	–	–
		Lifetime ECL (not credit-impaired and assessed individually)	621,934	554,809
		Credit-impaired	25,000	25,000
Cash and bank balances	26	12-month ECL (not credit-impaired and assessed individually)	971	16,466

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables, and other loan and interest receivables. For details of the movement in ECL of interest receivables from money lending business and loan receivables, please refer to note 4(i)(h) and note 4(i)(i), respectively.

	Trade receivables Lifetime ECL (credit- impaired) HK\$'000 (note)	Other loan and interest receivables Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 April 2021	8,460	45,138	53,598
Additions	3,086	–	3,086
Exchange adjustments	25	–	25
At 31 March 2022 and 1 April 2022	11,571	45,138	56,709
Additions	–	–	–
Exchange adjustments	26	–	26
At 31 March 2023	11,597	45,138	56,735

Note:

For trade receivables, the Group has applied the provision matrix to measure the loss allowance at lifetime ECL. The Group determines the ECL for trade receivables with reference to past default experience for recurring customers and current past due exposure for new customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

g) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2023 HK\$'000	2022 HK\$'000
Neither past due nor impaired	6,973	3,930
Past due but not impaired		
– Less than 3 months past due	5,627	3,281
– 3 to 6 months past due	3,289	4,588
– Over 6 months past due	4,689	4,531
	20,578	16,330

Receivables that were neither past due nor impaired related to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired mainly relate to customers and tenants that have a good track record with the Group. For the year ended 31 March 2022, there is approximately HK\$3,086,000 ECL recognised. For the year ended 31 March 2023, based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group hold rental deposits of HK\$5,230,000 (2022: HK\$4,691,000) as collateral over the balances related to rent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

h) *Interest receivables from money lending business that are not impaired*

As at 31 March 2023 and 2022, an analysis of the gross amount of interest receivable from money lending business is as follows:

	12-month ECL HK\$'000	Lifetime ECL – not credit impaired HK\$'000	Lifetime ECL – credit impaired HK\$'000	Total HK\$'000
Stage 1	–	–	–	–
Stage 2	–	781	–	781
Stage 3	–	–	1,315	1,315
Gross amount as at 31 March 2023	–	781	1,315	2,096

	12-month ECL HK\$'000	Lifetime ECL – not credit impaired HK\$'000	Lifetime ECL – credit impaired HK\$'000	Total HK\$'000
Stage 1	–	–	–	–
Stage 2	–	21,708	–	21,708
Stage 3	–	–	2,482	2,482
Gross amount as at 31 March 2022	–	21,708	2,482	24,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

h) Interest receivables from money lending business that are not impaired (Continued)

Movement in the allowance for interest receivable from money lending business

	12-month ECL HK\$'000	Lifetime ECL – not credit impaired HK\$'000	Lifetime ECL – credit impaired HK\$'000	Total HK\$'000
At 31 March 2021	41	273	3,320	3,634
Increase/(decrease) during the year, net	(42)	4,840	(2,201)	2,597
Exchange adjustments	1	3	110	114
At 31 March 2022	–	5,116	1,229	6,345

	12-month ECL HK\$'000	Lifetime ECL – not credit impaired HK\$'000	Lifetime ECL – credit impaired HK\$'000	Total HK\$'000
At 31 March 2022	–	5,116	1,229	6,345
Decrease during the year, net	–	(5,329)	–	(5,329)
Exchange adjustments	–	213	86	299
At 31 March 2023	–	–	1,315	1,315

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

i) *Loan receivables that are not impaired*

The Group has adopted HKFRS 9 from 1 April 2020. As at 31 March 2023 and 2022, an analysis of the gross amount of loans receivables is as follows:

	12-month ECL HK\$'000	Lifetime ECL – not credit impaired HK\$'000	Lifetime ECL – credit impaired HK\$'000	Total HK\$'000
Stage 1	–	–	–	–
Stage 2	–	621,934	–	621,934
Stage 3	–	–	25,000	25,000
Gross amount as at 31 March 2023	–	621,934	25,000	646,934

	12-month ECL HK\$'000	Lifetime ECL – not credit impaired HK\$'000	Lifetime ECL – credit impaired HK\$'000	Total HK\$'000
Stage 1	–	–	–	–
Stage 2	–	554,809	–	554,809
Stage 3	–	–	25,000	25,000
Gross amount as at 31 March 2022	–	554,809	25,000	579,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

i) CREDIT RISK AND IMPAIRMENT ASSESSMENT (Continued)

i) *Loan receivables that are not impaired (Continued)*

Movement in the allowance for loan receivables

	12-month ECL HK\$'000	Lifetime ECL – not credit impaired HK\$'000	Lifetime ECL – credit impaired HK\$'000	Total HK\$'000
At 1 April 2022	7,874	6,274	62,267	76,415
Increase/(decrease) during the year, net	(8,088)	98,936	(52,523)	38,325
Exchange adjustments	214	29	2,186	2,429
At 31 March 2022	–	105,239	11,930	117,169

	12-month ECL HK\$'000	Lifetime ECL – not credit impaired HK\$'000	Lifetime ECL – credit impaired HK\$'000	Total HK\$'000
At 1 April 2023	–	105,239	11,930	117,169
Increase during the year, net	–	41,203	13,041	54,244
Exchange adjustments	–	189	29	218
At 31 March 2023	–	146,631	25,000	171,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

ii) LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the Company's board approval. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group relies on interest-bearing bank borrowings and unconvertible bonds as a significant source of liquidity.

The following tables set out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	2023							2022						
	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash outflow	Carrying amount	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash outflow	Carrying amount
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other payables	-	70,464	-	-	-	70,464	70,464	-	54,480	-	-	-	54,480	54,480
Interest-bearing bank borrowings	7.1%	4,362	4,658	15,269	66,839	91,128	86,739	6.99%	4,757	4,625	17,840	77,837	105,059	98,199
Unconvertible bonds	5%	2,940	-	-	-	2,940	2,800	5%	10,281	-	-	-	10,281	10,000
Lease liabilities	4.5%	6,954	7,362	19,654	4,286	38,256	37,123	4.50%	9,495	8,273	22,221	15,133	55,122	47,108
		84,720	12,020	34,923	71,125	202,780	197,126		79,013	12,898	40,061	92,970	224,942	209,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iii) CURRENCY RISK

a) *Exposure to currency risk*

The Group is exposure to currency risk related primarily to loan receivables, that are denominated in currencies other than the functional currency of the relevant group entities.

Most of the Group's transactions, assets and liabilities are denominated in Hong Kong Dollars, which is the same as the functional currency of the entity to which they related.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong Dollars, translated using the spot rate at the year end date.

Exposure to foreign currencies (expressed in Hong Kong Dollars)

	<u>2023</u>	<u>2022</u>
	Renminbi HK\$'000	Renminbi HK\$'000
Loan receivables	<u>332,549</u>	<u>367,547</u>
Overall exposure to currency risk	<u>332,549</u>	<u>367,547</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iii) CURRENCY RISK (Continued)

b) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit/(loss) after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2023		2022	
	Appreciate/ (depreciate) in foreign exchange rates	(Decrease)/ increase in loss after tax and accumulated losses HK\$'000	Appreciate/ (depreciate) in foreign exchange rates	Increase/ (decrease) in profit after tax and accumulated losses HK\$'000
Renminbi	5%	(13,884)	5%	(15,345)
	(5%)	13,884	(5%)	15,345

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' (loss)/profit after tax and equity measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iv) INTEREST RATE RISK

The Group's interest rates risk arises primarily from the Group's cash at bank, loan receivables, unconvertible bonds and interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider to hedge significant interest rate exposures when the need is anticipated.

At 31 March 2023, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease (2022: decrease/increase) the Group's loss (2022: profit) after tax and accumulated losses by approximately HK\$3,519,000 (2022: HK\$746,000). This is attributable to variable rate interest-bearing bank borrowings.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2022.

v) EQUITY PRICE RISK

The Group is exposed to equity price changes arising from trading of listed securities classified as financial assets at fair value through profit or loss. The sensitivity analysis has been determined based on the exposure to equity price risk.

The Group's trading securities are listed on the Stock Exchange of Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

v) EQUITY PRICE RISK (Continued)

At 31 March 2023, it is estimated that an increase/(decrease) of 10% (2022: 10%) in the fair value of the Group's trading securities and unquoted investments with all other variables held constant would have (decrease)/increase (2022: increase/(decrease)) the Group's loss (2022: profit) after tax (and accumulated losses) and increase/(decrease) the Group's other components of consolidated equity as follows:

	<u>2023</u>	<u>2022</u>
	(Decrease)/ increase in loss after tax and accumulated losses HK\$'000	Increase/ (decrease) in profit after tax and accumulated losses HK\$'000
Increase/(decrease) in fair value	4,709/(4,709)	4,255/(4,255)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT

a) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

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

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

The Group has a team headed by the chief financial officer performing valuations for the financial instruments, including unlisted investments fund under financial assets at fair value through profit or loss which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the directors and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the directors. Discussion of the valuation process and results with the directors and the audit committee is held twice a year, to coincide with the reporting dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

a) Financial assets and liabilities measured at fair value (Continued)

	Fair value measurements as at 31 March 2023 categorised into				Fair value measurements as at 31 March 2022 categorised into			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value at 31 March 2023 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value at 31 March 2022 HK\$'000
Recurring fair value measurements assets:								
Financial assets at fair value through profit or loss								
– Trading securities	47,092	–	–	47,092	42,554	–	–	42,554

During the years ended 31 March 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

b) Fair value of financial assets and liabilities carried at other than fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values. The fair value is estimated at the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the Group's consolidated statement of financial position; or
- not offset in the Group's consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the Group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the Group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date and are settled simultaneously. In addition the Group has a legally enforceable right to set off all clients accounts receivable and payable at any time without prior notice to clients and the Group intends to settle these balances on a net basis.

Except for above, amounts due from/to HKSCC that are not to be settled on the same date, accounts receivable and payable from clients not intends to settle on a net basis, financial collateral including cash and securities received by the Group, deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

As at 31 March 2023

Type of financial assets	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not offset in the consolidated statement of financial position collateral received HK\$'000	Net amount HK\$'000
Accounts receivable arising from the business of dealing in securities	-	-	-	-	-
Deposit placed with clearing house	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING (Continued)

Type of financial liabilities	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not offset in the consolidated statement of financial position collateral pledged HK\$'000	Net amount HK\$'000
Accounts payable arising from the business of dealing in securities	–	–	–	–	–

As at 31 March 2022

Type of financial assets	Gross amounts of recognised financial assets HK\$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK\$'000	Related amounts not offset in the consolidated statement of financial position collateral received HK\$'000	Net amount HK\$'000
Accounts receivable arising from the business of dealing in securities	–	–	–	–	–
Deposit placed with clearing house	105	–	105	–	105

Type of financial liabilities	Gross amounts of recognised financial liabilities HK\$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK\$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK\$'000	Related amounts not offset in the consolidated statement of financial position collateral pledged HK\$'000	Net amount HK\$'000
Accounts payable arising from the business of dealing in securities	–	–	–	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

5. ACCOUNTING JUDGEMENTS AND ESTIMATES

a) KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 2, management has made certain 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 and liabilities within the next financial year, as discussed below.

i) *Estimated loss allowance for receivables*

Trade and other receivables with significant balances and credit-impaired are assessed for ECL individually. In addition, the Group individually assess each borrower to calculate ECL for the loan receivables. The provision rates are based on internal credit ratings. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The amount of the loss allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2023, the carrying amount of trade receivables, other loan and interest receivables, interest receivables from money lending business and loan receivables are HK\$20,578,000, net of loss allowance of HK\$11,597,000 (2022: carrying amount of HK\$16,330,000, net of loss allowance of HK\$11,571,000), HK\$Nil, net of loss allowance of HK\$45,138,000 (2022: carrying amount of HK\$Nil, net of loss allowance of HK\$45,138,000), HK\$781,000, net of loss allowance of HK\$6,345,000 (2022: carrying amount of HK\$17,845,000, net of loss allowance of HK\$6,345,000), and HK\$475,303,000, net of allowance for expected credit loss of HK\$171,631,000 (2022: HK\$462,643,000, net of allowance of expected credit loss of HK\$117,169,000), respectively.

ii) *Fair value of investment properties*

Investment properties are carried in the consolidated statement of financial position at 31 March 2023 at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

The carrying amount of investment properties as at 31 March 2023 was approximately HK\$277,160,000 (2022: HK\$326,353,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

b) CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

i) *Deferred taxation on investment properties*

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. The carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

During the year, the carrying amount of deferred tax liabilities on investment properties of approximately HK\$8,985,000 was credited (2022: HK\$5,649,000 was credited) to profit or loss based on the estimated profit from operations.

ii) *Classification of leases*

The Group has entered into certain leases whereby the Group has determined that it has transferred substantially all the risks and rewards incidental to ownership of the leased properties to the lessees, as the present values of the minimum lease payments (which include lease payments and residual values guaranteed by third parties) of the lease amount to at least substantially all of the fair values of the leased assets at the inception of the leases.

The determination of whether the Group has transferred substantially all the risks and rewards incidental to ownership depends on an assessment of the relevant lease arrangements relating to the lease and this has involved critical judgements on classification between right-of-use assets and investment properties by management. Details please refer to note 18 of notes to the consolidated financial statements.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. If the management of the Group determine substantial of the risks and rewards over the lease period was transferred to the third party, the relevant lease should be follow the HKAS 40 Investment Property and measured at fair value at the end of each reporting period. If the aforesaid condition not met, the lease should be classified under HKFRS 16 Lease, recognised as the right-of-use assets and amortised over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in these financial statements, are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the board of directors, which is the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment.

The CODM considers the business from product perspectives. The Group has presented the following two reportable segments. These segments are managed separately. The properties investment segment and money lending service segment offer very different products and services.

PROPERTIES INVESTMENT: The properties investment reportable operating segment derives its revenue primarily from leasing of investment properties.

MONEY LENDING BUSINESS: The money lending business reportable segment derives its revenue primarily from lending out loans and receive interest.

No reportable operating segment has been aggregated.

a) SEGMENT RESULTS, ASSETS AND LIABILITIES

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs such as directors' salaries, unallocated finance costs, corporate income, depreciation, interest income, fair value change of trading securities and valuation gain of property under development. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. SEGMENT REPORTING (Continued)

a) SEGMENT RESULTS, ASSETS AND LIABILITIES (Continued)

All assets are allocated to reportable segments other than financial assets at fair value through profit or loss, property under development and corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, tax payables, unconvertible bonds and corporate liabilities.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2023 and 2022 is set out below.

	2023			2022		
	Properties investment HK\$'000	Money lending business HK\$'000	Total HK\$'000	Properties investment HK\$'000	Money lending business HK\$'000	Total HK\$'000
Revenue from external customers	24,779	43,476	68,255	25,112	61,258	86,370
Reportable segment revenue	24,779	43,476	68,255	25,112	61,258	86,370
Reportable segment (loss)/profit before taxation, including:	(41,553)	(1,394)	(42,947)	22,226	17,051	39,277
Interest income on						
– Bank deposits	4	–	4	11	–	11
Depreciation and amortisation						
– Property, plant and equipment	(208)	–	(208)	(633)	–	(633)
– Right-of-use assets	(1,338)	–	(1,338)	(1,273)	–	(1,273)
Valuation loss on investment properties	(51,950)	–	(51,950)	(22,597)	–	(22,597)
Allowance of expected credit loss on loan and interest receivables and trade receivables	–	(54,244)	(54,244)	(3,086)	(40,922)	(44,008)
Finance costs	(8,731)	–	(8,731)	(9,523)	–	(9,523)
Reportable segment assets	340,524	474,982	815,506	387,104	481,238	868,342
Additions to non-current assets during the year	1,005	–	1,005	15,901	–	15,901
Reportable segment liabilities	186,341	102	186,443	185,202	139	185,341

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. SEGMENT REPORTING (Continued)

b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER ITEMS:

	2023 HK\$'000	2022 HK\$'000
(i) Revenue		
Total reportable segment revenue	68,255	86,370
Consolidated revenue	68,255	86,370
(ii) Profit		
Total reportable segments' profit	(42,947)	39,277
Unallocated corporate income	–	6,677
Depreciation	(1,277)	(1,275)
Unallocated finance costs	(319)	(1,339)
Unallocated corporate expenses	(17,212)	(26,147)
Consolidated (loss)/profit before taxation (from continuing operations)	(61,755)	17,193
(iii) Assets		
Reportable segments' assets	815,506	868,342
From discontinued operations	–	236
Property under development	–	28,863
Financial assets at fair value through profit or loss	47,092	42,554
Unallocated corporate assets	5,936	41,123
Consolidated total assets	868,534	981,118
(iv) Liabilities		
Reportable segments' liabilities	186,443	185,341
From discontinued operations	–	18
Unconvertible bonds	2,800	10,000
Tax payables	8,263	9,788
Deferred tax liabilities	–	9,696
Unallocated corporate liabilities	14,933	29,249
Consolidated total liabilities	212,439	244,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. SEGMENT REPORTING (Continued)

b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER ITEMS: (Continued)

(v) Other items

	2023			
	Properties investment	Money lending business	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income				
– bank deposits	4	–	–	4
Depreciation	(1,546)	–	(1,277)	(2,823)
Finance cost	(8,731)	–	(319)	(9,050)

	2022			
	Properties investment	Money lending business	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income				
– bank deposits	11	–	–	11
Depreciation	(1,906)	–	(1,275)	(3,181)
Finance cost	(9,523)	–	(1,339)	(10,862)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

6. SEGMENT REPORTING (Continued)

c) GEOGRAPHICAL INFORMATION

The following is an analysis of geographical location of (i) the Group's revenue from operation external customers and (ii) the Group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The Group's non-current assets (other than financial instruments) include property, plant and equipment, right-of-use assets, investment properties, intangible assets and goodwill. The geographical location of property, plant and equipment, right-of-use assets and investment properties are based on the physical location of the asset. In the case of intangible assets and goodwill, they are based on the location of operation to which they are allocated.

	Revenue from external customers		Non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong (place of domicile)	25,756	61,258	501	1,777
PRC	42,499	25,112	281,862	362,147
	68,255	86,370	282,363	363,924

d) INFORMATION ABOUT MAJOR CUSTOMERS

For both years, no single customer contributed for 10% or more of the total revenue of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

7. REVENUE

An analysis of revenue is as follows:

	2023 HK\$'000	2022 HK\$'000
Revenue from sources other than HKFRS 15:		
Rental income from investment properties	24,779	25,112
Loan interest income	43,476	61,258
	68,255	86,370

8. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2023 HK\$'000	2022 HK\$'000
a) Other income		
Interest income on bank deposits	4	11
Sundry income	–	6,715
	4	6,726

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

8. OTHER INCOME AND OTHER GAINS AND LOSSES, NET (Continued)

	2023 HK\$'000	2022 HK\$'000
b) Other gains and losses		
Loss on early termination of lease	(366)	–
Net foreign exchange gain	480	17,137
	<u>114</u>	<u>17,137</u>

9. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

Profit before taxation from continuing operations is arrived at after charging/(crediting) the following:

	2023 HK\$'000	2022 HK\$'000
a) Finance costs		
Interest expense on bank borrowings	6,664	7,634
Interest expense on other borrowings	39	602
Interest expense on unconvertible bonds	281	674
Interest expense on lease liabilities	2,066	1,952
	<u>9,050</u>	<u>10,862</u>
Total interest expense on financial liabilities	<u>9,050</u>	<u>10,862</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

9. PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS (Continued)

	2023 HK\$'000	2022 HK\$'000
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	7,096	8,578
Contribution to defined contribution retirement plans	227	667
	<u>7,323</u>	<u>9,245</u>
c) Other items		
Auditor's remuneration		
– audit services	942	880
– other services	150	150
Depreciation on property, plant and equipment	1,485	633
Depreciation on right-of-use assets	1,338	2,548
Gross rental income from investment properties	(27,411)	(25,112)
Allowance of expected credit loss on loan and interest receivables from money lending business, net	54,244	40,922
Allowance of expected credit loss on trade and other receivables	–	5,161
Variable lease payments not included in the measurement of lease liabilities	720	1,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

	2023			
	Fees HK\$'000	Salaries and other benefits in kind HK\$'000	Retirement scheme contribution HK\$'000	Total HK\$'000
Executive directors				
Au Tat On	–	287	–	287
Han Wei (<i>chief executive</i>)	–	1,662	96	1,758
Wang Lin Bo	–	150	–	150
	–	2,099	96	2,195
Independent non-executive directors				
Cao Jie Min	120	–	–	120
Liang Kuo-Chieh	120	–	–	120
Tang Yiu Kay	120	–	–	120
	360	–	–	360
Total	360	2,099	96	2,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	2022			
	Fees HK\$'000	Salaries and other benefits in kind HK\$'000	Retirement scheme contribution HK\$'000	Total HK\$'000
Executive directors				
Au Tat On	–	311	–	311
Han Wei (<i>chief executive</i>)	–	2,319	53	2,372
Wang Lin Bo	–	163	–	163
	–	2,793	53	2,846
Independent non-executive directors				
Lai Wai Yin (resigned on 3 June 2021)	21	–	–	21
Cao Jie Min	120	–	–	120
Liang Kuo-Chieh	100	–	–	100
	361	–	–	361
Total	361	2,793	53	3,207

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 were for their services as directors of the Company.

No emoluments have been paid to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2023 and 2022. No director waived or agreed to waive any emoluments during the years ended 31 March 2023 and 2022.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 36 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2022: one) are directors of the Company whose emoluments are included in the disclosure in note 10 above. The emoluments of the remaining four (2022: four) individuals are as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries and other emoluments	2,018	2,760
Contributions to retirement benefit scheme	63	92
	2,081	2,852

The emoluments of the four (2022: four) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2023	2022
Nil – HK\$1,000,000	4	3
HK\$1,000,001 – HK\$1,500,000	–	1
	4	4

No inducement payments to join or upon joining the Group or as compensation for loss of office were paid or payable to any of the five highest paid individuals' for the years ended 31 March 2022 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. INCOME TAX

- a) Income tax of continuing operations recognised in profit or loss represents:

	2023 HK\$'000	2022 HK\$'000
Hong Kong Profits Tax		
Current tax	4,410	9,902
Over-provision for the prior year	–	(114)
Deferred tax		
Origination and reversal of temporary differences (note 31)	(8,985)	(5,649)
Income tax	(4,575)	4,139

For years ended 31 March 2023 and 31 March 2022, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation established in Hong Kong and the remaining corporations are calculated at a flat rate of 16.5%.

The provision for PRC Enterprise Income Tax (“EIT”) is calculated at 25% (2022: 25%) of the estimated assessable profits for the year. No provision for EIT was provided for as the Company’s subsidiaries operating in the People’s Republic of China incurred losses for the years ended 31 March 2023 and 2022.

- b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2023 HK\$'000	2022 HK\$'000
(Loss)/profit before taxation from continuing operations	(61,755)	17,193
Notional tax on profit before taxation, calculated at the tax rates applicable to respective tax jurisdictions	(13,856)	2,130
Tax effect of non-taxable income	(416)	(4,509)
Tax effect of non-deductible expenses	8,040	3,501
Tax effect of temporary differences not recognised	1,657	(6)
Tax effect of utilisation of tax losses previously not recognised	–	(515)
Tax effect of unused tax losses not recognised	–	3,652
Over-provision for the prior year	–	(114)
Income tax	(4,575)	4,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

13. LOSS FROM DISCONTINUED OPERATIONS

On 13 January 2020 and 25 February 2020, the Group has submitted the acknowledgement for cessation of businesses of subsidiaries, C.P. Securities International Limited and C.P. Financial Management Limited, which carried out all of the Group's financial services operations. The cessation of business was effected in order to generate cash flows for the expansion of the Group's other businesses. The cessation of businesses was completed during the year.

The loss for the years ended 31 March 2023 and 2022 from the discontinued financing operation is set out below.

	2023 HK\$'000	2022 HK\$'000
Revenue	–	–
Cost of sales	–	–
Gross loss	–	–
Administrative expenses	–	(16)
<u>Loss from discontinued operation</u>	–	(16)
Cash flows used in operating activities	–	(4)
Cash flows generated from investing activities	–	–
Cash flows generated from financing activities	–	–
<u>Net outflows of cash</u>	–	(4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

14. DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2023 (2022: nil).

15. (LOSSES)/EARNINGS PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

The calculation of basic losses per share is based on the loss attributable to owners of the Company of HK\$57,180,000 (2022: earnings of HK\$13,038,000) and on the weighted average number of 267,167,000 ordinary shares in issue during the year (2022: 181,616,000 ordinary shares).

FROM CONTINUING OPERATIONS

The calculation of basic losses per share is based on the loss attributable to owners of the Company of HK\$57,180,000 (2022: earnings of HK\$13,054,000) and on the weighted average number of 267,167,000 ordinary shares in issue during the year (2022: 181,616,000 ordinary shares).

FROM DISCONTINUED OPERATIONS

Basic loss per share of the discontinued operations is HK nil cents per share (2022 loss: HK0.01 cents per share) and diluted loss per share for the discontinued operations is HK nil cents per share (2022 loss: HK0.01 cents per share), based on the loss for the year from the discontinued operations of HK\$nil (2022 loss: HK\$16,000) and the denominators detailed above for both basic and diluted loss per share.

DILUTED EARNINGS PER SHARE

Diluted earnings per share equals to basic earnings per share because there is no potential dilutive shares outstanding for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK\$'000	Furniture and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1 April 2021	2,355	2,414	16,575	21,344
Additions	–	5	–	5
Exchange alignment	52	84	928	1,064
At 31 March 2022 and 1 April 2022	2,407	2,503	17,503	22,413
Additions	–	1,005	–	1,005
Exchange alignment	62	96	962	1,120
At 31 March 2023	2,469	3,604	18,465	24,538
Accumulated depreciation				
At 1 April 2021	1,221	2,388	14,600	18,209
Charge for the year	1	31	601	633
Exchange alignment	7	84	877	968
At 31 March 2022 and 1 April 2022	1,229	2,503	16,078	19,810
Charge for the year	60	189	1,236	1,485
Exchange alignment	37	75	893	1,005
At 31 March 2023	1,326	2,767	18,207	22,300
Carrying amount				
At 31 March 2023	1,143	837	258	2,238
At 31 March 2022	1,178	–	1,425	2,603

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

17. RIGHTS-OF-USE ASSETS

	Leased properties
	HK\$'000
As at 1 April 2022	
Carrying amount	5,163
As at 31 March 2023	
Carrying amount	2,965
For the year ended 31 March 2023	
Depreciation charge	1,338

	2023	2022
	HK\$'000	HK\$'000
Expense relating to short-term leases	720	1,833
Total cash outflow for leases	4,846	2,512
Additions to right-of-use assets	705	2,551

For the year ended 31 March 2023, total cash outflow from leases arising from right-of-use assets is approximately HK\$4,846,000 (2022: approximately HK\$2,512,000).

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 to 6 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.

The consolidated statement of financial position shows the following amounts relating to leases:

	2023	2022
	HK\$'000	HK\$'000
Opening net book amount as at 1 April	5,163	4,980
Additions	705	2,551
Depreciation charge	(1,338)	(2,548)
Early termination of leases	(1,662)	–
Exchange difference	97	180
Closing net book amount as at 31 March	2,965	5,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. INVESTMENT PROPERTIES

Valuation (Level 3 fair value measurements):

	2023 HK\$'000	2022 HK\$'000
At 1 April	326,353	320,041
Additions	–	15,896
Loss on revaluation	(51,950)	(22,597)
Exchange alignment	2,757	13,013
	277,160	326,353

All of the Group's investment properties are held in the PRC.

All of the Group's investment properties were revalued at the end of each reporting period by Castores Magi (Hong Kong) Limited, an independent firm of professional valuers, who has recognised and relevant professional qualification and recent experience in the location and category of properties being valued. The properties had been revalued on the income capitalisation approach. The Group's chief financial officer has discussion with the valuers on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period. The investment properties are leased to third parties under operating leases, further details of which are included in note 35(i) to the consolidated financial statements.

On 1 June 2020, a wholly owned subsidiary of the Company (the "Lessee I") entered into a lease arrangement with the independent third parties to the Group (the "Lessor I"), whereby the Lessee I agrees to rent and the Lessor I agrees to lease the whole building at No.1888, Songze Boulevard, Xujing Town, Qingpu District, Shanghai, the PRC, with an aggregate gross floor area of approximately 11,650 square meters (the "Leased Property I") with a term from 1 June 2020 to 31 October 2028. Pursuant to the lease arrangement, (i) the rental expense incurred from renting of the Leased Property I is approximately RMB4,000,000 per annum and the Lessee I shall pay the rental expenses every half year; and (ii) the Lessee I shall undertake the Lessor's outstanding renovation cost of the Leased Property I of approximately RMB32,000,000 in the following schedule as to RMB10,000,000 for 1 June 2020 to 30 May 2021, RMB5,000,000 per annum for 1 June 2021 to 30 May 2025 and RMB2,000,000 for 1 June 2026. For further details, please refer to the Company's announcement dated 22 December 2020.

On 10 December 2021, a wholly owned subsidiary of the Company (the "Lessee II") entered into a lease arrangement with the independent third parties to the Group (the "Lessor II"), whereby the Lessee II agrees to rent and the Lessor II agrees to lease the whole building at No. 194, Shuidian Road, Hongkou District, Shanghai, the PRC, with an aggregate gross floor area of approximately 2,819 square meters (the "Leased Property II") with a term from 10 December 2021 to 9 December 2031. Pursuant to the lease arrangement, (i) the rental expense incurred from renting of the Leased Property II is approximately RMB1,646,292 per annum and the Lessee II shall pay the rental expenses every year. For further details, please refer to the Company's announcement dated 10 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. INVESTMENT PROPERTIES (Continued)

The Group intends to sublease the Leased Property I and Leased Property II to generate revenue for the Group and have subsequently successfully leased out the Leased Property I and Leased Property II. The Leased Property I and Leased Property II meets the definition of an investment property as defined under HKAS 40 Investment Properties where the Leased Property I and Leased Property II is a building held by the Lessee as a right-of-use asset to earn rentals, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. Accordingly, management of the Group considers it appropriate to classify the Leased Property I and Leased Property II as an investment property, as permitted under HKFRS 16 Leases.

Lease rental income amounting to approximately HK\$9,831,000 (2022: HK\$11,487,000) relating to the sub-leasing of Leased Property I for the year ended 31 March 2023 are included in operating lease income in the consolidated statement of profit or loss.

The Group's investment properties of approximately HK\$111,715,000 (2022: HK\$133,143,000) were under lease arrangement. During the year ended 31 March 2023, fair value loss of approximately HK\$29,344,000 (2022: HK\$8,548,000 fair value gain) was recognised.

The remaining balance of the Group's investment properties of approximately HK\$165,445,000 (2022: HK\$193,210,000) were pledged to secure general banking facilities granted to the Group (note 28). During the year ended 31 March 2023, fair value loss of approximately HK\$22,606,000 (2022: HK\$31,145,000) was recognised.

During the year ended 31 March 2022, the Group had incurred addition of investment properties amounting to approximately RMB13,106,000 (equivalent to HK\$15,896,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES

i) Fair value hierarchy

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

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

	Fair value measurements as at 31 March 2023 categorised into				Fair value measurements as at 31 March 2022 categorised into			
	Fair value at 31 March 2023 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Fair value at 31 March 2022 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
	Recurring fair value measurement							
Investment properties:								
– Commercial – the PRC	277,160	–	–	277,160	326,353	–	–	326,353

During the year ended 31 March 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (Continued)

ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties I Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	RMB120 - RMB164 (2022: RMB130 - RMB192)
		Rental growth rate	0% (2022: 1%)
		Market yield	4.64% (2022: 4.3%)
Investment properties II Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	RMB86 - RMB100 (2022: RMB101 - RMB125)
		Rental growth rate	0% (2022: 1%)
		Market yield	5.29% (2022: 4.3%)
Investment properties III Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	RMB104 (2022: RMB109)
		Rental growth rate	0% (2022: 0%)
		Market yield	4.0% (2022: 4%)
Investment properties IV Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	RMB93 (2022: RMB109)
		Rental growth rate	0% (2022: 0%)
		Market yield	8.2% (2022: 8.2%)

A significant increase/(decrease) in the estimated rental value (per square metre and per month) and rental growth rate in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

18. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF INVESTMENT PROPERTIES (Continued)

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

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

	2023 HK\$'000	2022 HK\$'000
Investment properties – Commercial – the PRC		
At 1 April	326,353	320,041
Additions	–	15,896
Valuation loss on investment properties	(51,950)	(22,597)
Exchange alignment	2,757	13,013
<u>At 31 March</u>	<u>277,160</u>	<u>326,353</u>

All the valuation loss recognised in the consolidated profit or loss for the year arise from the properties held at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

19. SUBSIDIARIES

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

Name	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the company	Held by a subsidiary	
Luck Grow Group Limited	The British Virgins Islands	1 ordinary share of US\$1 each	100%	100%	–	Investment holding
Lok Wing Group Limited	Hong Kong	HK\$50,000,000 ordinary shares	100%	–	100%	Investment holding
上海祥宸行置業有限公司 Shanghai Xiang Chen Hang Place The Industry Co Limited* (Note (i))	PRC	US\$12,571,540	100%	–	100%	Property investment
Allied China Development Limited	The British Virgins Islands	1 ordinary share of US\$1 each	100%	100%	–	Investment holding
View Success Holdings Limited	Hong Kong	1 ordinary share of HK\$1 each	100%	–	100%	Investment holding
北京博思嘉睿商務顧問有限公司 (Note (i))	PRC	HK\$4,000,000	100%	–	100%	Agency service
Triglory Group Limited	The British Virgins Islands	1 ordinary share of US\$1 each	100%	100%	–	Investment holding
Triple Glory Holdings Limited	Hong Kong	1 ordinary share of HK\$1 each	100%	–	100%	Money lending business

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

19. SUBSIDIARIES (Continued)

Name	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the company	Held by a subsidiary	
China Properties Investment North America Inc.	Canada	10,000 ordinary shares of CAD300 each	100%	–	100%	Property development
Big Fair International Limited	The British Virgins Islands	1 ordinary share of US\$1 each	100%	100%	–	Investment holding
Fair Union Investment Limited	Hong Kong	1 ordinary share of HK\$1 each	100%	–	100%	Investment holding
C.P. Securities International Limited	Hong Kong	183,819,999 ordinary shares of HK\$1 each	100%	–	100%	Financial services
C.P. Financial Management Limited	Hong Kong	4,800,000 ordinary shares of HK\$1 each	100%	–	100%	Financial services
GR Global Limited	The British Virgins Islands	100 ordinary shares of US\$1 each	100%	100%	–	Investment holding
HKFM Global Fund SPC	Cayman Islands	100 management shares of US\$1 each	100%	–	100%	Financial services
HKFM Investment Management Limited	Cayman Islands	1 ordinary share of US\$1 each	100%	–	100%	Financial services
上海閱宸貿易有限公司 (Note(ii))	PRC	RMB5,000,000	100%	–	100%	Dormant

Note:

(i) This subsidiary is wholly-foreign-owned enterprise under PRC law.

(ii) This subsidiary is sino-foreign equity joint venture under PRC law.

* The English name is for identification only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

20. INTANGIBLE ASSETS

	Trading rights HK\$'000
Cost	
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	11,143
Accumulated amortisation and impairment	
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	11,143
Carrying amount	
At 31 March 2023	–
At 31 March 2022	–

TRADING RIGHTS

Intangible assets include trading rights in the Stock Exchange and the Hong Kong Futures Exchange Limited, with finite life.

During the year ended 31 March 2020, in view of its unsatisfied financial performance and the intense competition in the financial services sector, the directors decided to close down the business of financial services of the Group so as to focus its resources in its other existing business. Thus, the directors of the Company have consequently determined impairment of intangible assets directly related to Financial Services segment amounting to HK\$1,205,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

21. GOODWILL

	Financial services HK\$'000
Cost	
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	5,469
Accumulated impairment losses	
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	5,469
Carrying amount	
At 31 March 2023	—
At 31 March 2022	—

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired through business combinations has been allocated to the cash-generating unit (“CGU”) for impairment testing. For the year ended 31 March 2019, the recoverable amount of the CGU, are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 1% for financial services, which do not exceed the long-term average growth rates for the business in which the CGU operate. The cash flows are discounted using a discount rate of 12.51% for financial services. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

During the year ended 31 March 2020, in view of its unsatisfied financial performance and the intense competition in the financial services sector, the directors decided to close down the business of financial services of the Group so as to focus its resources in its other existing business. Thus, the directors of the Company have consequently determined impairment of goodwill directly related to Financial Services segment amounting to HK\$2,550,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March 2023, the Group's financial assets at FVTPL represented trading securities with the following details:

	Trading securities HK\$'000
Balance at 1 April 2021	35,442
Unrealised gain on fair value change	7,112
<u>Balance at 31 March 2022</u>	<u>42,554</u>
Balance at 1 April 2022	42,554
Purchase of trading securities	2,499
Unrealised gain on fair value change	2,039
<u>Balance at 31 March 2023</u>	<u>47,092</u>
Analysed for reporting purposes as:	
Current assets	47,092
Non-current assets	–
	<u>47,092</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Details of the investments in trading securities were as follows:

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2022	Approx. % shareholding as at 31/3/2022	Market value as at 31/3/2022 HK\$'000	Change in no. of share held for the year ended 31/3/2023	No. of share held 31/3/2023	Approx. % shareholding as at 31/3/2023	Market value as at 31/3/2023 HK\$'000	Realised gain/(loss) on disposal for the year ended 31/3/2023 HK\$'000	Unrealised gain/(loss) on fair value change for the year ended 31/3/2023 HK\$'000	Total gain/(loss) on dealing of trading securities for the year ended 31/3/2023 HK\$'000
SEEC MEDIA	205	Advertising and sales of books and magazines; Securities Broking; Money Lending; E-commerce	4,665,000	0.76%	1,492	-	4,665,000	0.63%	2,472	-	980	980
QPL International	243	Manufacture and sale of integrated circuit lead frames heatsinks, stiffeners and investment holding	1,214,250	0.54%	370	-	1,214,250	0.54%	322	-	(48)	(48)
AMCO United Holding Limited [†]	630	Engaged in manufacture and sale of medical devices products and plastic moulding products; provision of construction services; provision of money lending and investment in securities	36,970,000	1.53%	2,958	(29,576,000)	7,394,000	1.53%	525	-	(2,433)	(2,433)
CN CULTURE GP	745	Engaged in e-commerce, advertisement and movie production businesses	6,550,000	0.9%	1,133	-	6,550,000	0.83%	393	-	(740)	(740)
Unity Investments Holdings Limited	913	Investment in listed companies in Hong Kong stock markets, and also investment in unlisted companies	2,633,000	0.96%	2,343	-	2,633,000	0.93%	1,290	-	(1,053)	(1,053)
Asia-Pac Financial Investment Company Limited [†]	8193	Asset advisory, asset appraisals, corporate services and consultancy, and other services	935,000	0.08%	60	(748,000)	187,000	0.08%	49	-	(11)	(11)
China Environmental Energy Investment Limited	986	Carrying trading of gold and diamond; money lending business; Internet service and financial service	5,374,000	0.43%	468	-	5,374,000	0.41%	215	-	(253)	(253)
Milan Station Holdings Limited	1150	Retailing of handbags, fashion accessories and embellishments operation	3,250,000	0.46%	657	-	3,250,000	0.36%	491	-	(166)	(166)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2022	Approx. % shareholding as at 31/3/2022	Market value as at 31/3/2022 HK\$'000	Change in no. of share held for the year ended 31/3/2023	No. of share held 31/3/2023	Approx. % shareholding as at 31/3/2023	Market value as at 31/3/2023 HK\$'000	Realised gain/(loss) on disposal for the year ended 31/3/2023 HK\$'000	Unrealised gain/(loss) on fair value change for the year ended 31/3/2023 HK\$'000	Total gain/(loss) on dealing of trading securities for the year ended 31/3/2023 HK\$'000
Bolina Holding Company Limited [^] (In liquidation)	1190	Engaged in the manufacture and sale of sanitary ware and accessories	9,116,000	0.7%	-	-	9,116,000	0.70%	-	-	-	-
Lerado Financial Group Company Limited	1225	Providing financial services, including securities broking, margin financing and money lending etc., and manufacturing and distributing children plastic toys and medical care products	10,700,000	4.65%	2,996	-	10,700,000	4.65%	2,408	-	(588)	(588)
Luxu Group Limited (formerly known as "Time2U International Holding Limited")	1327	Engaged in the manufacture and sales of own-branded watches, OEM watches and third-party watches	3,000,000	0.56%	930	-	3,000,000	0.56%	282	-	(648)	(648)
Sino Splendid Holdings Limited [#]	8006	Engaged in travel media operations; provision of contents and advertising services in a well-known financial magazine; investment in securities and money lending business	19,000,000	3.97%	1,368	(14,250,000)	4,750,000	3.21%	903	-	(465)	(465)
Hao Wen Holdings Limited	8019	Carrying money lending business, trading and manufacturing of biomass fuel and trading of electronic parts	7,500,000	2.91%	1,875	-	7,500,000	2.1%	1,815	-	(60)	(60)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2022	Approx. % shareholding as at 31/3/2022	Market value as at 31/3/2022 HK\$'000	Change in no. of share held for the year ended 31/3/2023	No. of share held 31/3/2023	Approx. % shareholding as at 31/3/2023	Market value as at 31/3/2023 HK\$'000	Realised gain/(loss) on disposal for the year ended 31/3/2023 HK\$'000	Unrealised gain/(loss) on fair value change for the year ended 31/3/2023 HK\$'000	Total gain/(loss) on dealing of trading securities for the year ended 31/3/2023 HK\$'000
WLS Holdings	8021	Engaged in the provision of scaffolding and fitting out services and management contracting services for construction and buildings work, money lending business and securities investment business	401,500,000	2.79%	19,674	-	401,500,000	2.79%	26,499	-	6,825	6,825
KPM Holding Limited	8027	Provision of design, fabrication, installation and maintenance of signage and related products	1,920,000	0.86%	950	-	1,920,000	0.81%	468	-	(482)	(482)
Luxey International (Holdings) Limited	8041	Engaged in manufacturing and trading of high end swimwear and garment products; trading and provision of on-line shopping and media related services; and money lending business	6,124,000	0.78%	2,113	-	6,124,000	2.26%	2,266	-	153	153
China 33 Media Group Limited [#]	8087	Provision of advertising services of printed media for railway networks; film and entertainment investment in Hong Kong and the PRC and prepaid card business in Hong Kong	14,278,000	2.07%	1,585	(10,708,500)	3,560,000	2.07%	660	-	(925)	(925)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2022	Approx. % shareholding as at 31/3/2022	Market value as at 31/3/2022 HK\$'000	Change in no. of share held for the year ended 31/3/2023	No. of share held 31/3/2023	Approx. % shareholding as at 31/3/2023	Market value as at 31/3/2023 HK\$'000	Realised gain/(loss) on disposal for the year ended 31/3/2023 HK\$'000	Unrealised gain/(loss) on fair value change for the year ended 31/3/2023 HK\$'000	Total gain/(loss) on dealing of trading securities for the year ended 31/3/2023 HK\$'000
Wealth Glory Holdings Limited	8269	Trading of natural resources and commodities; money lending business; investment in coal trading business; development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; and investment in securities	6,925,000	0.96%	1,447	-	6,925,000	0.77%	762	-	(685)	(685)
Kingland Group Holdings Limited	1751	Concrete structures and buildings coring, sawing, bursting and crushing, and other services	600,000	0.07%	135	-	600,000	0.07%	71	-	(64)	(64)
Asia Grocery Distribution Limited	8413	Sales of goods in Hong Kong	-	-	-	14,650,000	14,650,000	1.26%	5,201	-	2,702	2,702
					<u>42,554</u>				<u>47,092</u>	<u>-</u>	<u>2,039</u>	<u>2,039</u>

Share consolidation during the year ended 31 March 2023

^ Cancellation of listing during the year ended 31 March 2022

Note:

- The market value of listed equity securities is based on their closing bid prices at the end of the reporting period.
- None of the above trading securities is individually carrying at value more than 5% of the Group's net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Fair value hierarchy

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

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

Recurring fair value measurement	Fair value measurements as at 31 Mar 2023 categorised into Fair value at			
	31 Mar 2023	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss	47,092	47,092	–	–

Recurring fair value measurement	Fair value measurements as at 31 Mar 2022 categorised into Fair value at			
	31 Mar 2022	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss	42,554	42,554	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

23. PROPERTY UNDER DEVELOPMENT

	2023 HK\$'000	2022 HK\$'000
Property under development, at fair value		
At 1 April	28,863	22,011
Disposal	(28,863)	–
Additions	–	210
Valuation gain	–	6,252
Exchange alignment	–	390
At 31 March	–	28,863

The property under development was a freehold land located in Canada.

On 4 April 2022, the Group has completed disposal of land in Canada at a consideration of CA\$4,700,000 (approximately HK\$29,066,000).

FAIR VALUE MEASUREMENT OF PROPERTIES

Fair value hierarchy

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

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

23. PROPERTY UNDER DEVELOPMENT (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES (Continued)

Fair value hierarchy (Continued)

Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value measurements as at 31 Mar 2022 categorised into			
	Fair value at 31 Mar 2022	Level 1	Level 2	Level 3
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurement				
Investment properties:				
Land in Canada	28,863	–	–	28,863

Property	Fair value (HK\$'000)	Valuation technique	Significant unobservable inputs	Sensitivity
Land in Canada	28,863	Direct comparison approach	Market unit rate, taking into account the recent transaction prices for similar properties adjusted location, size, view, age and etc., ranged from CA\$120 to CA\$150 per square feet.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

During the year ended 31 March 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

24. TRADE AND OTHER RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables	32,175	27,901
Less: loss allowance (note 4(i))	(11,597)	(11,571)
Trade receivables (net)	20,578	16,330
Deferred rental receivables	16,051	8,171
Interest receivables from money lending business	2,096	24,190
Less: loss allowance (note 4(i))	(1,315)	(6,345)
Interest receivables (net)	781	17,845
Other loan and interest receivables (note 24(2))	45,138	45,138
Less: loss allowance (note 4(i))	(45,138)	(45,138)
	-	-
Other receivables (note 24(3))	17,333	16,420
Financial assets at amortised cost	54,743	58,766
Prepayments and deposits	8,062	7,905
Deposit for decoration	-	29,805
	62,805	96,476
Current portion	62,805	66,671
Non-current portion	-	29,805
	62,805	96,476

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

24. TRADE AND OTHER RECEIVABLES (Continued)

Note:

- 1) All of the trade and other receivables are expected to be recovered or recognised as expense within one year.
- 2) On 27 July 2011, the Company entered into a participation deed with the Simsen Capital Finance Limited ("Simsen") and the sub-participation agreement with Power Alliance International Limited respectively in relation to the participation of the advancement of the first participation amount of HK\$42,000,000 and second participation amount of HK\$8,000,000 (together the "Participation Loans"). The interest rate for Participation Loans was 18% per annum. The Participation Loans are in association with a loan agreement (the "Loan Agreement") between Simsen and Make Success Limited ("Borrower"). The Borrower has assigned a promissory note of HK\$300,000,000 (the "PN") and a convertible note of HK\$90,000,000 (the "CN") as security to Simsen under the Loan Agreement. The PN and CN were issued by Mayer Holdings Limited ("Mayer") to the Borrower.

The repayment date of the loan is the date falling three months from the date of drawdown which may be extended for further three months if so agreed by the parties thereto. The Loan had been drawn down by the borrower on 7 June 2011, and the repayment date of the Loan was 6 September 2011. On 7 September 2011, both parties agreed to extend the Loan for further three months to 5 December 2011. The Borrower had defaulted the first and second payments during the year ended 31 March 2012.

Following a litigation between Mayer and the Borrower, Simsen disposed of the PN on 10 February 2012 for an amount of HK\$10,000,000 with the consent of the Company. During the year ended 31 March 2015, the Company received net proceeds of HK\$4,862,000 from the disposal of the PN after the payment of other loan participant of Simsen, all cost and expenses in connection with the disposal.

- 3) The balance mainly represents other tax recoverable and cash advanced to staff.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

24. TRADE AND OTHER RECEIVABLES (Continued)

AGEING ANALYSIS

(i) Trade receivable

Trade receivables represent rental income receivables. Rental income receivables are payable by tenants/residents upon receipts of billings within an average credit term of 0-30 days. Further details on the Group's credit policy are set out in note 4(i).

Trade receivables are net of loss allowance of HK\$11,571,000 (2022: HK\$11,571,000) with the following ageing analysis presented based on invoice dates:

	2023 HK\$'000	2022 HK\$'000
Within 1 month	5,386	3,930
1 to 3 months	7,692	3,281
3 to 6 months	4,864	4,588
Over 6 months	2,636	4,531
	20,578	16,330

(ii) Interest receivables

The ageing analysis of interest receivables is presented based on invoice dates as follows:

	2023 HK\$'000	2022 HK\$'000
Within 1 month	561	11,943
1 to 3 months	220	4,758
3 to 6 months	–	579
6 to 12 months	–	565
	781	17,845

Interest receivables are due immediately from the date of billing. Further details on the Group's credit policy are set out in note 4(i).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

25. LOAN RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Loan receivables		
– Secured loans	498,534	495,379
– Unsecured loans	148,400	84,430
	646,934	579,809
Less: Allowance for secured and unsecured loan receivables	(171,631)	(117,169)
	475,303	462,640
Amount due within one year included under current assets	333,002	381,572
Amount due after one year included under non-current assets	142,301	81,068
	475,303	462,640

LOAN RECEIVABLES

The loans to customers had a loan period ranging from 12 to 60 months (2022: 12 to 24 months). The loans provided to customers bore fixed interest rate ranging from 10% to 18% per annum (2022: 10% to 18% per annum) and were repayable according to the loan agreements.

Included in the secured loan balances are loans of approximately HK\$493,534,000 (2022: HK\$483,379,000) secured by unlisted shares, loans of approximately nil (2022: HK\$7,000,000) secured by irrecoverable bonds, loans of approximately HK\$5,000,000 (2022: HK\$5,000,000) secured by real estate in Hong Kong.

AGEING ANALYSIS

	2023 HK\$'000	2022 HK\$'000
Within 90 days	148,815	187,817
91 to 180 days	17,256	120,097
181 to 365 days	166,931	73,658
Over 365 days	142,301	81,068
	475,303	462,640

The above ageing analysis is presented based on the maturity date.

The Group's financing advances to customers included in the loan receivables are due as of the due date specified in respective loan agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

26. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) CASH AND CASH EQUIVALENTS COMPRISE:

	2023 HK\$'000	2022 HK\$'000
Cash at bank and on hand	971	16,466
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	971	16,466

(b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Other borrowings (Note 28) HK\$'000	Interest bearing borrowings (Note 28) HK\$'000	Unconvertible bonds (Note 30) HK\$'000	Lease liabilities (Note 29) HK\$'000	Total HK\$'000
At 1 April 2022	8,500	98,199	10,000	47,108	163,807
Proceed from new other borrowings	1,820	-	-	-	1,820
Repayment of lease liabilities	-	-	-	(11,309)	(11,309)
Repayment of bank borrowings	-	(13,213)	-	-	(13,213)
Repayment of unconvertible bonds	-	-	(7,200)	-	(7,200)
Repayment of other borrowings	(8,500)	-	-	-	(8,500)
Interest paid	(39)	(6,664)	(281)	(2,066)	(9,050)
Total changes from financing cash flow	(6,719)	(19,877)	(7,481)	(13,375)	(47,452)
Effect of foreign exchange rate changes	-	1,753	-	1,915	3,668
Other changes					
Interest expenses	39	6,664	281	2,066	9,050
New leases entered	-	-	-	705	705
Early termination of lease	-	-	-	(1,296)	(1,296)
Total other changes	39	6,664	281	1,475	8,459
At 31 March 2023	1,820	86,739	2,800	37,123	128,482

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

26. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Other borrowings (Note 28) HK\$'000	Interest bearing borrowings (Note 28) HK\$'000	Unconvertible bonds (Note 30) HK\$'000	Lease liabilities (Note 29) HK\$'000	Total HK\$'000
At 1 April 2021	–	100,853	18,750	34,733	154,336
Proceed from new other borrowings	18,500	–	–	–	18,500
Repayment of lease liabilities	–	–	–	(7,672)	(7,672)
Repayment of bank borrowings	–	(5,458)	–	–	(5,458)
Repayment of unconvertible bonds	–	–	(8,750)	–	(8,750)
Repayment of other borrowings	(10,000)	–	–	–	(10,000)
Interest paid	(602)	(7,634)	(845)	(1,952)	(11,033)
Total changes from financing cash flow	7,898	(13,092)	(9,595)	(9,624)	(24,413)
Effect of foreign exchange rate changes	–	2,804	–	1,599	4,403
Other changes					
Interest expenses	602	7,634	674	1,952	10,862
Interest payables	–	–	171	–	171
New leases entered	–	–	–	18,448	18,448
Total other changes	602	7,634	845	20,400	29,481
At 31 March 2022	8,500	98,199	10,000	47,108	163,807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

27. OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Other payables and accruals	68,644	47,485
Amount due to a director (note 36)	1,820	5,495
Amounts due to related parties (note 36)	–	1,500
Financial liabilities measured at amortised cost	70,464	54,480
Deposit received for disposal of land	–	1,631
Rental deposit received	5,230	4,691
	75,694	60,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

28. BORROWINGS

(a) INTEREST-BEARING BANK BORROWINGS

At 31 March 2023, the secured bank borrowings were due for repayment as follows:

	2023 HK\$'000	2022 HK\$'000
Current liabilities		
Within 1 year or on demand	4,000	4,447
Non-current liabilities		
After 1 year but within 2 years	4,457	4,323
After 2 years but within 5 years	17,885	16,675
After 5 years	60,397	72,754
	82,739	93,752
Total	86,739	98,199

All of the interest-bearing borrowings were carried at amortised cost.

None of the portion of interest-bearing borrowings due for repayment after one year contain a repayment on demand clause.

The range of effective interest-rates (which are also equal to contractual interest rates) on the Group's bank borrowings are as follows:

	2023	2022
Effective interest rates:		
Variable-rate borrowings (Note)	5.6% - 8.73%	5.4% - 8.58%

At 31 March 2023, the bank borrowings were secured by the investment properties of the Group with an aggregate carrying amount of approximately HK\$165,445,000 (2022: approximately HK\$193,210,000) (see note 18).

Note: The Group's variable-rate borrowings carrying interest at the People's Bank of China's RMB benchmark loan interest rate plus 75% (2022: 75%) of the interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

28. BORROWINGS (Continued)

(b) OTHER BORROWINGS

	2023 HK\$'000	2022 HK\$'000
Current liabilities		
<u>Within 1 year or on demand</u>	<u>1,820</u>	<u>8,500</u>

At 31 March 2022, other borrowings included an amount of HK\$8,500,000 advanced from an independent third party. The borrowing carries fixed interest rate at 10% per annum, and the amount was repaid on 30 March 2023.

At 31 March 2023, other borrowings included an amount of HK\$1,820,000 advanced from an independent third party. The borrowing carries fixed interest rate at 5% per annum, unsecured and repayable in 1 year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

29. LEASE LIABILITIES

The consolidated statement of financial position shows the following amounts relating to leases:

	2023 HK\$'000	2022 HK\$'000
Opening net book amount as at 1 April	47,108	34,733
Additions	705	18,448
Repayment	(13,375)	(9,624)
Interest expenses	2,066	1,952
Early termination of lease	(1,296)	–
Exchange difference	1,915	1,599
<u>Closing net book amount as at 31 March</u>	<u>37,123</u>	<u>47,108</u>

	2023 HK\$'000	2022 HK\$'000
Lease liabilities payable:		
Within one year	6,432	7,548
Within a period of more than one year but not more than two years	6,662	6,689
Within a period of more than two years but not more than five years	24,029	32,871
	<u>37,123</u>	<u>47,108</u>
Less: Amount due for settlement within 12 months shown under current liabilities	(6,432)	(7,548)
<u>Amount due for settlement after 12 months shown under non-current liabilities</u>	<u>30,691</u>	<u>39,560</u>

The Group's lease liabilities are for terms of 2 to 10 years (2022: 2 to 10 years) for the year ended 31 March 2023.

The weighted average incremental borrowing rates applied to lease liabilities at 4.0% to 5.4% for the year ended 31 March 2023 (2022: 3.2% to 5.4%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

30. UNCONVERTIBLE BONDS

	2023 HK\$'000	2022 HK\$'000
Current	2,800	10,000

The amount represented one unconvertible bonds of total HK\$9,800,000 (2022: HK\$10,000,000). As at 31 March 2023, accrued interest of approximately HK\$219,000 (2022: HK\$219,000) was included in other payables and accruals. The unconvertible bonds bear interest at 5% to 6% per annum (2022: 5% to 6% per annum) on the outstanding aggregate principal amount. The interest is payable in arrears annually on the anniversary of issue date or redemption date. The Company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date.

As at 31 March 2023, the unconvertible bonds represented a bond with principal amount of HK\$10,000,000 entered into by the Company on or about 19 October 2019 and with an origin maturity date on 23 October 2022 and extended the due date on 23 October 2023, which bear interest at 5% per annum and accrued a total interest of approximately HK\$218,000 as at 31 March 2023 which was included in other payables and accruals. The Group repaid HK\$7,200,000 during the year ended 31 March 2023 and the carrying principal amount of the bond is HK\$2,800,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) DEFERRED TAX (ASSETS)/LIABILITIES RECOGNISED

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of investment properties HK\$'000
Deferred tax assets/(liabilities) arising from:	
At 1 April 2021	14,840
Deferred tax charged to profit or loss (note 12)	(5,649)
Exchange alignment	505
<hr/>	
At 31 March 2022	9,696
<hr/>	
At 1 April 2022	9,696
Deferred tax credited to profit or loss (note 12)	(8,985)
Exchange alignment	(711)
<hr/>	
At 31 March 2023	-

b) DEFERRED TAX ASSETS NOT RECOGNISED

From continuing operations

As at 31 March 2023, the Group has no unused tax losses (2022: HK\$Nil) arising in Hong Kong that are available for offsetting against future taxable profits of the companies in which the losses arose.

In addition, the Group has unused tax losses of RMB48,720,000 (2022: RMB21,773,000) available for offset against future profits that may be carried forward for a period of up to five years for PRC Enterprise Income Tax purposes. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

At the end of the reporting period, the Group has deductible temporary differences of HK\$123,562,000 (2022: HK\$123,514,000) arising from the expected credit losses. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

From discontinued operations

The Financial Services segment has unused tax losses arising in Hong Kong of HK\$25,466,000 (2022: HK\$25,466,000).

No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profits streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. SHARE CAPITAL

	Number of ordinary shares '000	Per share HK\$	HK\$'000
Authorised:			
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	750,000	0.40	300,000
			HK\$'000
Issued and fully paid:			
At 1 April 2021	133,583	0.40	53,433
Right issues (note 32(1))	133,584	0.40	53,434
At 31 March 2022, 1 April 2022 and 31 March 2023	267,167	0.40	106,867

During the reporting period, the movements of the authorised and issued share capital of the Company are as follows:

- (1) On 22 November 2021, the rights issue of 133,583,303 ordinary shares was completed at a consideration of approximately HK\$60,157,000 (after expenses), all of which was credited to share capital and share premium.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme (the "Scheme") which was adopted on 16 December 2011. The purpose of the Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contributions to the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants. The directors of the Company are authorised, at their discretion, to invite the Company's employees, Company's director (including independent non-executive directors), other employees and director of the Group, suppliers of goods or services to the Group, customers of the Group, persons or entities that provided research, development or other technological support to the Group, any shareholder of the Group (collectively "participants") and any company wholly owned by one or more persons belonging to any of the participants, to take up share options at a nominal consideration to subscribe for ordinary shares of the Company. Upon acceptance of the share option, the grantee must pay HK\$1 to the Company as consideration for the grant thereof. The exercise price of share options shall be such price as determined by the board in its absolute discretion but in any case should not be lower than the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The share option scheme shall be valid and effective for a period of ten years ending on 15 December 2021, after which no further share options will be granted.

The total number of shares issued and to be issued upon exercise of the share options granted and to be granted to each eligible participant (including cancelled, exercised and outstanding share options) in any 12-month period up to and including the date of grant of share options shall not exceed 10% of the shares in issue. Any further grant of share options in excess of this 10% limit shall be subject to the approval of the shareholders of the Company in general meeting with such eligible participant and his associates abstaining from voting and other requirements prescribed under the Listing Rules from time to time.

Any grant of share options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must additionally be approved by all independent non-executive directors (excluding any independent non-executive director who is a grantee). If the Company proposes to grant share options to a substantial shareholder or any independent non-executive director or any of their respective associates which will result in the number of shares issued and to be issued upon exercise of share options granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such grant or any change in the terms of share options granted shall be subject to the issue of a circular by the Company to the shareholders and the approval of the shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting except that a connected person of the Company may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in that circular in compliance with Rules 17.04 and 17.06 of the Listing Rules and such other requirements as prescribed under the Listing Rules as amended from time to time.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

At 31 March 2022, the number of shares in respect of which options has been remained outstanding under the Scheme was 14,166,250, representing 10.6% of the shares of the Company in issue at that date.

At 31 March 2023, there is no outstanding share options under the Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

a) THE TERMS AND CONDITION OF THE GRANT ARE AS FOLLOWS:

Date of grant	Exercisable period	Exercise price	Adjusted exercise price	Number of option
i) Options granted to directors				
10 October 2017	10 October 2017 to 9 October 2022	HK\$0.05	HK\$2	2,428,750
ii) Options granted to employees				
11 July 2017	11 July 2017 to 10 July 2022	HK\$0.058	HK\$2.32	2,022,500
10 October 2017	10 October 2017 to 9 October 2022	HK\$0.05	HK\$2	9,715,000
				<hr/> <hr/> 14,166,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

a) THE TERMS AND CONDITION OF THE GRANT ARE AS FOLLOWS: (Continued)

The following table discloses the movements of the number of the Company's share under options held by director, ex-directors, employees and service providers during the year ended 31 March 2023:

	Number of share options				Outstanding at 31 March 2023	Date of grant of share options*	Exercisable period of share options	Exercise price of share options** HK\$
	Outstanding at 1 April 2022	Granted during the year	Exercised during the year	Lapsed during the year				
Director and ex-director								
Mr. Xu Dong (as ex-director)	1,214,375	-	-	(1,214,375)	-	10-10-2017	10-10-2017 to 9-10-2022	2
Mr. Han Wei	1,214,375	-	-	(1,214,375)	-	10-10-2017	10-10-2017 to 9-10-2022	2
	2,428,750	-	-	(2,428,750)	-			
Employees								
Other employees	2,022,500	-	-	(2,022,500)	-	11-7-2017	11-7-2017 to 10-7-2022	2.32
Other employees	9,715,000	-	-	(9,715,000)	-	10-10-2017	10-10-2017 to 9-10-2022	2
	11,737,500	-	-	(11,737,500)	-			
Total number of share options	14,166,250	-	-	(14,165,250)	-			

* The share options vested immediately from the date of the grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

a) THE TERMS AND CONDITION OF THE GRANT ARE AS FOLLOWS: (Continued)

The closing price of the Company's shares immediately before 25 March 2019, the date of grant of option, was HK\$0.027 (equivalent to HK\$1.08 after share consolidation).

The estimated fair value of the options granted on 25 March 2019 is HK\$11,995,000. The fair value was calculated using Binomial Option Pricing Model. The inputs into the model are follows:

Weighted average share price	25 March 2019 HK\$0.025 (equivalent HK\$1 after share consolidation)
Exercise price	HK\$0.0304 (equivalent HK\$1.216 after share consolidation)
Expected volatility	154.804%
Option life	5 years
Risk free rate	1.495%
Expected dividend yield	0%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 5 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

- b) THE NUMBER AND WEIGHTED AVERAGE EXERCISE PRICE OF SHARE OPTIONS UNDER THE SCHEME ARE AS FOLLOWS:

	2023		2022	
	Weighted average exercise price HK\$	Number of shares issuable under options	Weighted average exercise price HK\$	Number of shares issuable under options
Outstanding at 1 April	2,046	14,166,250	2.046	14,166,250
Lapsed during the year	2,046	(14,166,250)	–	–
Outstanding at 31 March	–	–	2.046	14,166,250
Exercisable at the end of the year	–	–	2.046	14,166,250

The share option scheme is governed by chapter 17 of the Listing Rules.

The options outstanding at 31 March 2022 have a weighted average remaining contractual life of 0.79 years and the exercise price is HK\$2 or HK\$2.32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

34. RESERVES

- a) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Equity settled share-based compensation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2021	2,086,682	136,012	27,392	36,089	(1,844,314)	441,861
Change in equity for 2021/2022:						
Issue of rights issue shares	6,723	-	-	-	-	6,723
Profit for the year	-	-	-	-	58,213	58,213
Total comprehensive income for the year	6,723	-	-	-	58,213	64,936
At 31 March 2022	2,093,405	136,012	27,392	36,089	(1,786,101)	506,797
At 1 April 2022	2,093,405	136,012	27,392	36,089	(1,786,101)	506,797
Change in equity for 2022/2023:						
Lapsed of share options	-	-	(27,392)	-	27,392	-
Loss for the year	-	-	-	-	(15,166)	(15,166)
Total comprehensive income for the year	-	-	-	-	12,226	12,226
At 31 March 2023	2,093,405	136,012	-	36,089	(1,773,875)	491,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

34. RESERVES (Continued)

b) NATURE AND PURPOSES OF THE RESERVES

i) *Share premium*

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981. The share premium account of the Company is distributable to the owners of the Company in the form of fully paid bonus shares.

ii) *Special reserve*

The Group's special reserve represents the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired pursuant to the Group reorganisation in prior years, over the nominal value of the Company's shares issued in exchange therefore and the difference between the total consideration and the net assets value of the subsidiaries acquired for the year ended 31 March 2011.

iii) *Equity settled share-based compensation reserve*

The equity settled share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company and others providing similar services recognised in accordance with the accounting policy adopted for share-based payments in note 2(x)(ii).

iv) *Exchange fluctuation reserve*

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities whose functional currency is other than Hong Kong Dollars. The reserve is dealt with in accordance with the accounting policies set out in note 2(t).

v) *Contributed surplus*

The contributive surplus represents the credit arising from capital reduction for the year ended 31 March 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

34. RESERVES (Continued)

c) CAPITAL MANAGEMENT

The Group's objectives when managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The Group monitors its capital structure using a gearing ratio on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing bank borrowings and unconvertible bonds). Total equity comprises all components of equity.

During the year ended 31 March 2023, the Group's strategy, which was unchanged from 2020, was to maintain a gearing ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to the owners, return capital to the owners, issue new shares or sell assets to reduce debt. The gearing ratios at 31 March 2023 and 2022 were as follows:

	2023 HK\$'000	2022 HK\$'000
Total borrowings		
Interest-bearing bank borrowings (note 28)	86,739	98,199
Other borrowings (note 28)	1,820	8,500
Unconvertible bonds (note 30)	2,800	10,000
<u>Adjusted net debt</u>	<u>91,359</u>	<u>116,699</u>
<u>Total equity</u>	<u>656,095</u>	<u>737,026</u>
Gearing ratio	13.9	15.8

Management of the Group closely monitors, on a daily basis, the Regulated Subsidiaries' liquid capital level to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Regulated Subsidiaries has no non-compliance of capital requirements imposed by the SF(FR)R throughout both years.

The only externally imposed capital requirement for the Group is that it must have a public float of at least 25% of the shares in order to maintain its listing on the Stock Exchange. Based on information that is publicly available to the Company and within the knowledge of directors, the Company maintained a sufficient public float throughout the year ended 31 March 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

35. COMMITMENTS

OPERATING LEASE COMMITMENTS

The Group as lessor:

The Group leases its investment properties under operating lease arrangements to tenants, with leases negotiated for terms ranging from two to twelve years (2022: two to twelve years). The terms of the leases generally require the tenants to pay security deposits. At the end of the reporting period, the Group had total future minimum lease payments receivable under non-cancellable operating leases with its tenants falling due as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	26,879	28,925
In the second year	22,943	29,138
In the third year	19,332	22,579
In the fourth year	14,846	21,645
In the fifth year	11,892	12,457
Over five years	7,737	15,320
	103,629	130,064

The Group rent offices under the operating lease arrangements of short-term leases. The lease commitments as at the year ended 31 March 2023 was RMB\$236,000 (2022: RMB\$528,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

36. MATERIAL RELATED PARTY TRANSACTIONS

a) KEY MANAGEMENT PERSONNEL EMOLUMENTS

Emoluments for key management personnel, including amounts paid to the Company's directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11 are as follows:

	2023 HK\$'000	2022 HK\$'000
Short-term employee benefits	2,018	2,760
Post-employment benefits	63	92
	<u>2,081</u>	<u>2,852</u>

Total emoluments is included in "staff costs" (see note 9(b)).

b) OUTSTANDING BALANCES WITH RELATED PARTIES

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2023 HK\$'000	2022 HK\$'000
Amounts due to a director (note 27)	1,820	5,495
Amounts due to related parties (note 27)	–	1,500
	<u>–</u>	<u>1,500</u>

The amounts due to related parties represented the advance from the directors of Company's subsidiaries. The balances with these related parties and the amounts due to a director are unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

2023

Financial assets

	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Trading securities	47,092	–	47,092
Financial assets included in trade and other receivables	–	54,743	54,743
Loan receivables	–	475,303	475,303
Cash and bank balances	–	971	971
	47,092	531,017	578,109

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Financial liabilities included in other payables	70,464
Interest-bearing bank borrowings	86,739
Other borrowings	1,820
Unconvertible bonds	2,800
	161,823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

37. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2022

Financial assets

	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Trading securities	42,554	–	42,554
Financial assets included in trade and other receivables	–	58,745	58,745
Loan receivables	–	462,640	462,640
Cash and bank balances	–	16,466	16,466
	<u>42,554</u>	<u>537,851</u>	<u>580,405</u>

Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Financial liabilities included in other payables	54,480
Interest-bearing bank borrowings	98,199
Other borrowings	8,500
Unconvertible bonds	10,000
	<u>171,179</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

38. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Right-of-use assets		–	1,276
Investment in subsidiaries	19	348,499	374,286
Loan receivables		–	81,068
		348,499	456,630
Current assets			
Trade and other receivables		408	12,461
Loan receivables		225,019	286,479
Financial assets at fair value through profit or loss		47,092	42,554
Cash and cash equivalents		–	10,029
		272,519	351,523
Current liabilities			
Other payables and accruals		10,177	2,810
Unconvertible bonds		2,800	10,000
Other borrowings		–	8,500
Amount due to a related party		1,350	1,500
Tax payable		8,193	9,583
Amount due to a subsidiary		–	160,800
Lease liabilities		–	1,296
		22,520	194,489
Net current asset		249,999	157,034
NET ASSETS		598,498	613,664
EQUITY			
Equity attributable to owners of the Company			
Share capital	32	106,867	106,867
Reserves	34(a)	491,631	506,797
TOTAL EQUITY		598,498	613,664

Approved and authorised for issue by the board of directors on 6 September 2023.

On behalf of the board

Han Wei
Director

Au Tat On
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

39. LITIGATION

In 1998, the Company brought up legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the “Defendants”) for breach of the placing and underwriting agreement dated 9 December 1997 under which the Defendants failed to fulfill their underwriting obligations thereunder and for the recovery of HK\$40 million being the economic loss suffered by the Company together with interest and legal cost. The proceedings are now in pre-trial stage of discovery of documents of the parties and the date of the trial has not been fixed. The last action of the parties to the proceedings took place in middle of 2005 when solicitors acting for the Company in the legal proceedings served a notice to inspect documents to those acting for the Defendants.

40. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund (“MPF”) scheme for all Hong Kong eligible employees including executive directors. The assets of the MPF scheme are held separately from those of the Group in funds under the control of trustees.

The retirement benefit cost for the MPF scheme charged to the consolidated statement of profit or loss represents contributions payable to the MPF scheme by the Group at 5% specified in the rules of the MPF scheme.

Employees who are employed in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The Group is required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions under the scheme.

41. EVENTS AFTER THE REPORTING PERIOD

In the prior year, one of the Company’s wholly-owned subsidiary, 上海祥宸行置業有限公司 (Shanghai Xiang Chen Hang Place The Industry Co. Limited*) signed a lease agreement with 上海康墨企業管理諮詢有限公司 (Shanghai Kangmo Enterprise Management Consulting Co., Ltd.*) (“Lessor”) with a term from 1 June 2020 to 31 October 2028. The Company sub-leased the rented property to the independent third party with the lease terms from four to eight years.

Subsequent to the year ended dated 31 March 2023, the Company’s subsidiary aware that People’s Government of Qingpu District, Shanghai had issued a land acquisition notice namely 滬(青)征地告 [2023] 第59號. The Company being notified by the Lessor in June 2023 that they intent to exercise its rights to terminate the lease agreement in accordance with clause 9-1(3) stated in the agreement, which allowed the Lessor terminate the contract due to the change of Government policy without any liability for compensation.

On 30 June 2023, the Company’s subsidiary signed a termination agreement with the aim of reaching a full and final settlement with Lessor. Consider the relevant event occurred after the year ended 31 March 2023 is indicative of condition that arose after the reporting period. The Investment property and lease liability related to the respective lease agreement are not derecognised as at the year ended 31 March 2023. Please refer to the Company’s announcements dated 30 June 2023 for details.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000 (Restated)
Continuing operations:					
Revenue	68,255	86,370	71,284	51,799	48,336
(Loss)/Profit before taxation	(61,755)	17,193	48,983	(78,592)	(71,235)
Income tax credit/(expenses)	4,575	(4,139)	(12,588)	2,457	4,354
(Loss)/Profit for the year from continuing operations	(57,180)	13,054	36,395	(76,135)	(66,881)
Discontinued operations:					
(Loss)/profit for the year from discontinued operations	–	(16)	(226)	(16,456)	4,527
(Loss)/Profit for the year	(57,180)	13,038	36,169	(92,591)	(62,354)

ASSETS AND LIABILITIES

	As at 31 March				
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000
Total assets	868,534	981,118	872,525	747,194	816,354
Total liabilities	(212,439)	(244,092)	(216,333)	(142,260)	(119,316)
Net assets	656,095	737,026	656,192	604,934	697,038

PROPERTIES HELD BY THE GROUP FOR INVESTMENT

As at 31 March 2023

	Location	Existing Use	Term of Lease
	Self-owned Investment Properties		
1.	Unit Nos. 201 and 202 on Mezzanine Level, Yun Hai Building, Nos. 1329 and 1331 Huai Hai Zhong Road, Xuhui District, Shanghai, the PRC ("Investment Properties I")	Commercial	Medium term
2.	Whole of Levels 1 and 2, Shimei Mansion, No.445 Jiangning Road, Jingan District, Shanghai, the PRC	Commercial	Medium term
3.	Whole of Levels 3 and 4, Shimei Mansion, No.445 Jiangning Road, Jingan District, Shanghai, the PRC (Location 2 and 3 collectively as "Investment Properties II")	Commercial	Medium term
	Leased Investment Properties		
4.	Whole building No. 1888, Songze Boulevard, Xujing Town, Qingpu District, Shanghai, the PRC	Commercial	Medium term
5.	No.194, Shuidian Road, Hongkou District, Shanghai, the PRC	Commercial	Medium term