DL HOLDINGS GROUP LIMITED
德林控股集團有限公司

(formerly known as Season Pacific Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1709

2019/2020
Annual Report

CONTENTS

CORPORATE INFORMATION

As at 26 June 2020

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, AIA Financial Centre
112 King Fuk Street
San Po Kong
Kowloon
Hong Kong

COMPANY'S WEBSITE

www.seasonpacific.com

EXECUTIVE DIRECTORS

Ms. Jiang Xinrong *(Appointed as chairman with effect from 28 February 2020) (Appointed as executive Director with effect from 18 June 2019)*

Mr. Chen Ningdi *(Appointed as chief executive officer with effect from 27 March 2020) (Appointed as executive Director with effect from 28 February 2020)*

NON-EXECUTIVE DIRECTORS

Mr. Chan Kwun Wah Derek *(Appointed with effect from 27 March 2020)*

Mr. Li Ren

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chang Eric Jackson

Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(Appointed with effect from 27 March 2020)*

Mr. Liu Chun *(Appointed with effect from 22 April 2020)*

Ms. Luk Huen Ling Claire

COMPANY SECRETARY

Ms. Chin Ying Ying, CPA *(Appointed with effect from 27 March 2020)*

AUTHORISED REPRESENTATIVES

Mr. Chen Ningdi *(Appointed with effect from 27 March 2020)*

Ms. Chin Ying Ying *(Appointed with effect from 27 March 2020)*

AUDIT COMMITTEE

Mr. Chang Eric Jackson *(Chairman)*

Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(Appointed with effect from 27 March 2020)*

Mr. Liu Chun *(Appointed with effect from 22 April 2020)*

Ms. Luk Huen Ling Claire

REMUNERATION COMMITTEE

Mr. Chang Eric Jackson *(Chairman, appointed with effect from 28 February 2020)*

Ms. Jiang Xinrong *(Appointed with effect from 28 February 2020)*

Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(Appointed with effect from 27 March 2020)*

NOMINATION COMMITTEE

Ms. Jiang Xinrong *(Appointed as chairman with effect from 27 March 2020) (Appointed as a member with effect from 28 February 2020)*

Mr. Chang Eric Jackson *(Appointed as chairman from 28 February 2020 to 27 March 2020)*

Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(Appointed with effect from 27 March 2020)*

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
Room 2103B, 21/F, 148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

AUDITOR

Grant Thornton Hong Kong Limited
Level 12
28 Hennessy Road, Wan Chai
Hong Kong

STOCK CODE

1709

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am pleased to present the annual results of DL Holdings Group Limited (the "**Company**") and its subsidiaries (collectively as the "**Group**") for the year ended 31 March 2020.

BUSINESS REVIEW

The Group's business in sales of apparel products with the provision of supply chain management total solutions to customers has been hit by challenges globally including the coronavirus ("**COVID-19**") pandemic resulting in substantial bankruptcies of retailers worldwide as well as increased tensions in international trade relations. There has been a decline in revenue and gross profit across the industry. Our financial performance has been affected by a rise in production costs coupled with uncertainty in relation to trade tariffs from the United States of America (the "**US**") and the United Kingdom. Our expansion strategies in terms of increasing market share through penetration into the European and Asian markets and moving away from the US markets also put pressure on our gross profit margins. Nevertheless, we believe that with the Group's management and staff's experience, we are well positioned to tackle these difficulties which are expected to be more demanding in the uncertain times ahead. The Group's industry expertise and value added service have been key factors in achieving a sustainable business relationship with one of the world's largest fashion retailers headquartered in Spain.

Following the completion of the acquisition of DL Securities (HK) Limited ("**DL Securities**") and DA Finance (HK) Limited ("**DA Finance**") in November 2019, the Group commenced its financial services business by conducting licensed business and money lending services. The Group is actively expanding its financial advisory and investment portfolio in order to strengthen its brand recognition and market exposure, as well as to produce additional and stable income streams to diversify risks and to increase returns to the shareholders of the Company (the "**Shareholders**").

PROSPECTS

The future prospect of the Group is full of challenges with the global economy being affected by the outbreaks of COVID-19 and international trade conflicts.

The Group expects the business environment to remain challenging in the coming year due to the COVID-19 outbreak, global economic uncertainty and international conflict which impose pressure to the general prospects of apparel industry and overall trading environment. The increase in US trade tariffs as well as global lockdowns and quarantines due to the COVID-19 outbreak also create disruption in the markets and pose a negative impact on the Group's sales and profit margin. The subsequent knock-on effects of COVID-19 outbreak on supply chain manifested as reduced production capacities and increase in production costs which will also lead to fewer orders and lower demand for products in the coming year, the revenue and gross profit from apparel business are expected to decrease.

Despite the challenges, it is expected that there are opportunities to come along with the risks. The temporary downturn of global economy may create more investment, financing and marketing activities across the globe in anticipation of gradual recovery. The Group will maintain its strategic strength and devote more effort to its growth, in terms of profitability and assets under management, of the new financial services business, while continuing to provide support to maximise the value and competitiveness of the Group.

Looking forward, the Group will continue to identify business partners and other investment opportunities in respect of the financial services business to expand its investment portfolio, valuable assets and income streams to maximise returns for the Shareholders, with an aim to drive sustainable growth of the Group. At the same time, the Group, with seasoned professionals will cautiously monitor market changes and impose robust control measures to improve cost efficiency and risk management of the Group.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to all the staff for their hard work and dedication and thank all our Shareholders, clients and business partners for their continuous support.

DL Holdings Group Limited
Ms. Jiang Xinrong
Chairman & Executive Director

Hong Kong, 26 June 2020

CORPORATE DEVELOPMENT

Immediately after the completion of the sale and purchase of 356,876,000 ordinary shares of the Company (the "**Shares**") which represented approximately 31.76% of the issued share capital of the Company from Alpha Direct Investments Limited to DA Wolf Investments I Limited ("**DA Wolf**") on 13 January 2020, DA Wolf became the controlling shareholder of the Company. As at the date of this annual report, the entire issued share capital of DA Wolf are owned by Mr. Chen Ningdi, the executive Director and chief executive officer of the Company (the "**Chief Executive officer**").

Following the close of the mandatory unconditional cash offer to acquire all of the issued Shares of the Company on 19 March 2020, DA Wolf and the parties acting in concert with it are the beneficial owners of 666,140,395 Shares, representing 59.27% of the then issued share capital of the Company.

BUSINESS REVIEW

For the year ended 31 March 2020, the Group recorded increases in revenue of approximately 21.4% and gross profit of approximately 46.2% compared with that for the year ended 31 March 2019. For the year ended 31 March 2020, the Group recorded a loss of HK$51.4 million as compared with a profit of approximately HK$18.7 million for the year ended 31 March 2019, which was mainly attributable to (i) loss on sales of equity securities of HK$38.1 million and fair value loss on equity securities of approximately HK$1.2 million for the year ended 31 March 2020 while there was gain on sales of equity securities of approximately HK$11.5 million and fair value gain on equity securities of approximately HK$26.2 million for the year ended 31 March 2019 and (ii) offset by the contribution of net profit of approximately HK$3.9 million from the newly acquired financial services business.

PROSPECTS

The future prospect of the Group is full of challenges with the global economy being affected by the outbreaks of COVID-19 and international trade conflicts.

The Group expects the business environment would remain challenging in the coming year due to the COVID-19 outbreak, global economic uncertainty and international conflict which impose pressure to the general prospects of apparel industry and overall trading environment. The increase in US trade tariffs as well as global lockdowns and quarantines due to the COVID-19 outbreak also create disruption in the markets and pose a negative impact on the Group's sales and profit margin. The subsequent knock-on effects of COVID-19 outbreak on supply chain manifested as reduced production capacities and increase in production costs which will also lead to fewer orders and lower demand for products in the coming year, the revenue and gross profit from apparel business are expected to decrease.

Despite the challenges, it is expected that there are opportunities to come along with the risks. The temporary downturn of global economy may create more investment, financing and marketing activities across the globe in anticipation of gradual recovery. The Group will maintain its strategic strength and devote more effort to its growth, in terms of profitability and assets under management, of the new financial services business, while continuing to provide support to maximise the value and competitiveness of the Group.

Looking forward, the Group will continue to identify business partners and other investment opportunities in respect of the financial services business to expand its investment portfolio, valuable assets and income streams to maximise returns for the Shareholders, with an aim to drive sustainable growth of the Group. At the same time, the Group, with seasoned professionals will cautiously monitor market changes and impose robust control measures to improve cost efficiency and risk management of the Group.

FINANCIAL REVIEW

Operating revenue

For the year ended 31 March 2020, the Group reported total operating revenue of approximately HK$226.4 million, of which approximately HK$212.9 million was from garment business segment, approximately HK$12.9 million was from finance services segment and approximately HK$0.6 million was from money lending services segment.

Revenue generated from garment business segment was approximately HK$212.9 million for the year ended 31 March 2020 compared with approximately HK$186.5 million for the year ended 31 March 2019, representing approximately 14.1% increase mainly due to the expansion of European market.

Although the global business environment is challenging and there was outbreak of the COVID-19 in early 2020, the revenue of the Group still recorded an increase as the garment business of the Group typically accepts order six months in advance of its delivery date. As such, it is expected the effect of COVID-19 on the financial performance of the Group will be predominantly reflected in financial year ending 31 March 2021.

The protests in Hong Kong also deeply affected customers' ability to develop business with the Group, due to disruptions at the Hong Kong international airport and general business disruptions. The proportion of revenue from sales of apparel products of the Group generated from Asia Pacific decreased from approximately 11.7% to approximately 2.4%.

The China-US trade conflicts continued to pose uncertainty to the garment business of the Group due to the increased US tariffs on the products made in the PRC. The effect of the China-US trade conflicts was reflected in the decrease of proportion of revenue from sales of apparel products of the Group from America from 46.7% for the year ended 31 March 2019 to 26.6% for the year ended 31 March 2020. As such, we shifted our business focus to Europe and the proportion of revenue from sales of apparel products of the Group from Europe increased from 38.8% for the year ended 31 March 2019 to 64.3% for the year ended 31 March 2020.

The revenue generated from financial services of licensed business and money lending services of approximately HK$12.9 million and HK$0.6 million for the year ended 31 March 2020 was due to the completion of the acquisition of DL Securities and DA Finance in November 2019.

Cost of sales

The cost of sales of the Group increased from approximately HK$165.6 million for the year ended 31 March 2019 to approximately HK$195.8 million for the year ended 31 March 2020, representing an increase of approximately 18.2% due to increased costs of raw materials and increase in factory costs both in the PRC and also other production areas including Bangladesh.

Gross profit and gross profit margins

The gross profit of the Group was approximately HK$30.6 million for the year ended 31 March 2020 as compared with approximately HK$20.9 million for the year ended 31 March 2019, which represents an increase of 46.2% mainly attributable to (i) the contribution of gross profit of approximately HK$12.5 million from the newly acquired financial services business; and (ii) offset by the decline of gross profit of garment business of approximately HK$2.8 million, representing a decrease of approximately 14% of the gross profit of the garment business as compared to last year due to the challenging business environment and offering competitive price for penetration to European market.

The overall gross profit margin of the Group increased from approximately 11.2% for the year ended 31 March 2019 to approximately 13.5% for the year ended 31 March 2020 due to the completion of the acquisition of DL Securities and DA Finance in November 2019, which provided the variety of finance services and money lending services to the customers.

The gross profit of garment business decreased due to the more rapid increase in costs of raw material and factory costs despite the increase in orders and the gross profit margin of garment business decreased from approximately 11.2% for the year ended 31 March 2019 to approximately 8.5% for the year ended 31 March 2020 due to the challenging business environment and the need for the Group to offer more competitive pricing for the sales, especially as the Group diversified and expanded sales into Europe.

The gross profit of the financial services business was approximately HK$12.5 million for the year ended 31 March 2020, which was contributed by the acquisition of DL Securities and DA Finance.

Business relationships

The business relationship of the Group with one of the world's largest fashion retailers headquartered in Spain was approximately similar in size to last year in terms of revenue. As the US clients of the Group decreased their orders given the substantial uncertainties and increased costs with regards the US China trade conflicts, the proportion of revenue from sales of apparel products of the Group from America decreased from approximately 46.7% for the year ended 31 March 2019 to approximately 26.6% for the year ended 31 March 2020. However, the sales orders from a customer in UK increased significantly from last year and contributed to the increase in European sales of the Group as a percentage of the total revenue from sales of apparel products from 38.8% for the year ended 31 March 2019 to approximately 64.3% for the year ended 31 March 2020.

Selling expenses

Selling expenses mainly consist of sales commission paid to external sales representatives and staff costs of in-house staff whose roles are mainly focusing on sourcing new customers. Selling expenses decreased to approximately HK$6.5 million for the year ended 31 March 2020 from approximately HK$7.6 million for the year ended 31 March 2019, representing a decrease of approximately 14.6% mainly due to the decrease in provision for impairment of prepaid incentive fee.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous general and administrative expenses. General and administrative expenses increased to approximately HK$36.3 million for the year ended 31 March 2020 from approximately HK$32.3 million for the year ended 31 March 2019, representing an increase of approximately 12.5%. Such increase was mainly due to the increase in the number of staff from 26 to 42 during the year ended 31 March 2020 and the consequential increase in salary expenses of approximately HK$5.0 million.

Finance costs

The overall finance cost increased from approximately HK$0.1 million to approximately HK$0.2 million which was mainly attributable to the interest expense incurred in the lease liabilities under the application of HKFRS 16 by the Group for the year ended 31 March 2020, and partly offset by the decrease of the interest expense of bank borrowing due to the repayment of the bank loan in June 2019 and subsequent increase of bank loan as at 31 March 2020.

For the year ended 31 March 2020, the Group had bank borrowings with average interest rate per annum at 2.69%, while the Group had bank borrowings with average interest rate per annum at 2.93% for the year ended 31 March 2019.

Loss/profit and total comprehensive loss/income attributable to owners of the Company

Loss and total comprehensive loss attributable to owners of the Company was approximately HK$51.4 million for the year ended 31 March 2020 while the profit and total comprehensive income attributable to owners of the Company was approximately HK$18.7 million for the year ended 31 March 2019, which was mainly attributable to (i) loss on sales of equity securities of approximately HK$38.1 million and fair value loss on equity securities of approximately HK$1.2 million for the year ended 31 March 2020 while there was gain on sales of equity securities of approximately HK$11.5 million and fair value gain on equity securities of approximately HK$26.2 million for the year ended 31 March 2019 and (ii) offset by the contribution of net profit of approximately HK$3.9 million from the newly acquired financial services business.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2020, the Group mainly financed its operations with its own working capital and the net proceeds from the placing (the "**Placing**"). As at 31 March 2020 and 2019, the Group had net current assets of approximately HK$135.8 million and HK$110.5 million respectively, including cash and cash equivalents of approximately HK$50.7 million and HK$52.3 million respectively. The Group's current ratio decreased from approximately 12.8 as at 31 March 2019 to approximately 4.0 as at 31 March 2020. Such decrease was mainly because of the increase in current liabilities in the increase in trade, bills and other payables from approximately HK$7.9 million as at 31 March 2019 to approximately HK$34.6 million as at 31 March 2020.

As at the 31 March 2020, the bank borrowings of the Group was approximately HK$6.4 million as compared with approximately HK$1.5 million as at 31 March 2019. All bank borrowings are denominated in United States Dollars (2019: Hong Kong Dollars) and repayable within one year with the average interest rate per annum at 2.69% (2019: 2.93%). The interest rates of the banking borrowings of the Group are floating with LIBOR.

As at 31 March 2020 and 31 March 2019, the bank borrowings were secured by corporate guarantee given by the Company and a subsidiary.

Gearing ratio is calculated by dividing total debts by total equity as at the end of the reporting period. The Group's gearing ratio increased from approximately 5.6% as at 31 March 2019 to approximately 27.9% as at 31 March 2020.

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of its customers in order to reduce the Group's exposure of credit risk. In addition to these ongoing credit evaluations, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises. The Group's operating lease commitments amounted to approximately HK$4,000 and HK$7.6 million as at 31 March 2020 and 2019 respectively. As at 31 March 2020, the Group did not have any significant capital commitments (31 March 2019: nil).

CAPITAL STRUCTURE

The capital structure of the Group consists of (i) the interest bearing borrowing and net cash and cash equivalents, and (ii) equity attributable to owners of the Group, comprising issued capital and other reserves.

As at 31 March 2020, the cash and cash equivalents of the Group were mainly held in Hong Kong dollars.

Details of changes in the Company's share capital are set out in note 24 to the consolidated financial statements in this annual report.

The capital structure of the Group and major fund raising activities during the year ended 31 March 2020 are summarised as below:

Issue of securities

Reference is made to the announcements of the Company dated 16 May 2018, 23 May 2018 and 1 June 2018. The Company and Fulbright Securities Limited (the "**Placing Agent**") entered into a placing agreement on 16 May 2018 (as amended by a supplemental agreement dated 23 May 2018 and entered into by the same parties) in respect of the placement of up to 123,800,000 Shares (the "**Placing Shares**") at a placing price of HK$0.485 per Placing Share to not less than six placees.

On 1 June 2018, the Placing was completed and a total of 123,800,000 Placing Shares were issued under the general mandate of the Company and the net proceeds from the Placing were approximately HK$58.6 million.

Reference is made to the announcement of the Company dated 6 March 2019 regarding the change of intended use of unutilised net proceeds from the Placing in the amount of HK$50 million for suitable acquisition and equity investment opportunities, including but not limited to the investment in DL Securities and DA Finance as well as general working capital of the Group.

As at 31 March 2020, the net proceeds of the Placing had been applied as follows:

Intended use of the Net Proceeds	**Original allocation** *(HK$ million)*	**Revised allocation** *(HK$ million)*	**Utilised Net Proceeds as at 31 March 2020** *(HK$ million)*	**Unutilised Net Proceeds as at 31 March 2020** *(HK$ million)*
Sourcing and developing the Group's own brand or acquisition of brand(s) for garment and related products	25	–	–	–
Enhancement of supply chain management efficiency and capacity, and expansion of sales network	25	–	–	–
General working capital	8.6	16.1	16.1	–
Pursuing suitable acquisition and equity investment opportunities	–	42.5	42.5	–
Total	58.6	58.6	58.6	–

In addition, on 31 March 2020, 90,345,000 Shares were issued at subscription price from HK$0.425 to HK$0.500 to the holder of share options of the Company pursuant to their exercise of the shares options of the share option scheme of the Company adopted on 22 September 2015 (the "**Share Option Scheme**").

For the details of the bank borrowings of the Group, please refer to the section headed "Liquidity and Financial Resources" of this annual report.

SIGNIFICANT INVESTMENTS

Save as the disclosed in the section headed "Related Party and Connected Transactions" in this annual report, as at 31 March 2020, the Group has no significant investments accounting for more than 5% of the Group's total assets.

The Group adopts prudent and pragmatic investment strategies over its significant investment to generate investment return with a view to better utilise the capital and funds of the Group. Factors including but not limited to the investee's financial performance, prospect, dividend policy and associated risk of the investment were considered for investment decisions. Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as the disclosed in the section headed "Related Party and Connected Transactions" in this annual report, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies for the year ended 31 March 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 March 2020. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Rules (the "**Listing Rules**") Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as and when appropriate.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2020 and 2019.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to Hong Kong Dollars ("**HK$**"), Renminbi ("**RMB**") and Euro dollars ("**EUR**"). As at 31 March 2020 and 2019, foreign exchange risk on financial assets and liabilities denominated in EUR and RMB was insignificant to the Group. Although the Group's revenue and major expenses are mainly in United States Dollars ("**US$**"), which is the functional currency of the Group, as HK$ is pegged to US$, the Group does not expect any significant movement in the US$/HK$ exchange rate. The Group does not undertake any foreign currency hedging and does not use any financial instrument for hedging purposes currently.

PLEDGE OF ASSETS

As at 31 March 2020, the Group did not pledge any of its assets (31 March 2019: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020 and 2019, the Group employed a total of 42 and 26 full-time employees respectively. The Group's employee benefit expenses mainly include salaries, wages, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2020 and 2019, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$21.1 million and HK$17.3 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses would be discretionarily offered to employees in accordance with their performance.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong during the year ended 31 March 2020.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in its daily operations, such as energy saving and recycling of office resources. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organisation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment during the year ended 31 March 2020.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises its employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws and regulations in Hong Kong and regularly reviews the existing staff benefits for improvement during the year ended 31 March 2020. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance, etc.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database for direct communications with recurring customers for developing long-term business relationships.

The Group also maintains effective communication and develops a long-term trust relationship with its suppliers. During the year ended 31 March 2020, there was no material dispute or disagreement between the Group and its suppliers.

SUBSEQUENT EVENTS

(a) The outbreak of COVID-19

After the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country and region. As required by the local government, certain provinces in the PRC have extended holidays and resumed operation up to the date of these financial statements. The Group will pay close attention to the development of the outbreak of COVID-19 and evaluate its impact on the financial position and operating results of the Group. It is expected that the effect of the outbreak of COVID-19 would be reflected in the financial year ending 31 March 2021.

(b) Allotment of new Shares on 18 May 2020 pursuant to the exercise of share options

In May 2020, the Group has allotted 51,238,000 Shares pursuant to the exercise of share options under Share Option Scheme by grantees other than Directors at the exercise prices of HK$0.425 to HK$0.482. The Group has allotted 11,238,000 Shares pursuant to the exercise of share options under Share Option Scheme by Director at an exercise price of HK$0.476.

(c) Setting up new fund

The Group is actively expanding its financial advisory and investment portfolio in order to strengthen its brand recognition and market exposure, as well as to produce additional and stable income streams to diversify risks and to increase Shareholders' return. In May 2020, DJT Partners Limited, the Group's wholly-owned subsidiary, has subscribed for and holds all the management shares of a private fund incorporated in the Cayman Islands. Please refer the Company's announcement dated 14 May 2020 for more details.

(d) Proposed subscription of shares for Carmel Reserve LLC (the "Target Company")

In June 2020, the Company entered into a non-legally binding memorandum of understanding with the Target Company and intends to subscribe of not more than 28.5% of the issued share capital in the Target Company. The Target Company is indirectly wholly-owned by DLC Capital Partners I, L.P., a fund for which the general partner is ultimately controlled by Ms. Jiang Xinrong, the chairman of the Company (the "**Chairman**") and executive Director and Mr. Chen Ningdi, the executive Director and Chief Executive Officer. As such, the Target Company is a connected person of the Company. The preliminary post-money valuation on the enterprise value of the Target Company is US$35,000,000. The consideration for the proposed subscription is expected to be US$5,000,000, which shall be subject to further negotiations between the Company and the Target Company and be determined by reference to the final valuation report. The consideration is expected to be satisfied by a combination of cash and the issuance of promissory note(s) by the Company.

EXECUTIVE DIRECTORS

Ms. Jiang Xinrong (江欣榮) ("**Ms. Jiang**"), aged 37, has been appointed as an executive Director and Chairman of the Board with effect from 18 June 2019 and 28 February 2020 respectively. Ms. Jiang, obtained a Bachelor Degree of Arts in Communication, International Journalism and English Broadcasting from the Communication University of China in June 2005 and a Master Degree in Media Management and Social Science from the Hong Kong Baptist University in November 2008. Ms. Jiang has years of experience in the financial services industry and media industry. In 2012, Ms. Jiang founded DL Family Office (HK) Limited ("**DL Family Office**"), which is currently a corporation licensed by the Securities and Futures Commission to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**"). DL Family Office is to provide a total financial solution for high net worth individuals and their families as a multi-family office. Ms. Jiang was a responsible officer of DL Family Office from July 2015 until her resignation in June 2019. Prior to founding DL Family Office, Ms. Jiang was a Senior Vice President at J.P. Morgan Private Bank's Hong Kong Team from April 2011 to July 2012. Ms. Jiang was a Senior Vice President of Standard Chartered Private Bank's China Team from July 2010 to April 2011 and an Associate of HSBC Private Bank's China Team from May 2008 to July 2010. From November 2003 to February 2008, Ms. Jiang was a television host in Phoenix Television. Ms. Jiang was also the champion of the 2003 Miss Chinese Cosmo Pageant. Ms. Jiang is the spouse of Mr. Chen Ningdi, an executive Director and the Chief Executive Officer. Ms. Jiang is a director of DL Global Holdings Limited, a company having an interest in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO.

Please refer to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the "Report of the Directors" in this annual report for Ms. Jiang's interest in the Shares as at 31 March 2020 which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Mr. Chen Ningdi (陳寧迪), aged 41, has been appointed as an executive Director and Chief Executive Officer with effect from 28 February 2020 and 27 March 2020 respectively. He has over 20 years of experience in global financial industry. He founded DL Securities and DL Family Office in the years of 2011 and 2012. He subsequently became the responsible officer of DL Securities for its Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO from 2012 to 2015, and during the period from 2013 to 2015, he was also the responsible officer of DL Securities for its Type 1 (dealing in securities) regulated activities under the SFO. During the above period, he has been substantially involved in numerous projects in global capital market. Mr. Chen Ningdi was an executive director and founding member of Great China Strategic Capital and Primus Pacific Partners, both of which are private equity firms. Mr. Chen Ningdi previously worked for HSBC Global Investment Banking in Hong Kong, Equity-Linked Capital Markets of HSBC Group in London, HSBC Debt Markets Client Group in Hong Kong. Mr. Chen Ningdi obtained his degree of Bachelor of Arts (Hons) in both Economics and Statistics from the University of Chicago in the year of 2001. Mr. Chen Ningdi is the spouse of Ms. Jiang, an executive Director and Chairman of the Board. Mr. Chen Ningdi is a director of DA Wolf and Rapid Raise Investments Limited, companies having interest in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO.

Please refer to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the "Report of the Directors" in this annual report for Mr. Chen Ningdi's interest in the Shares as at 31 March 2020 which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

* *For identification purposes only*

NON-EXECUTIVE DIRECTORS

Mr. Chan Kwun Wah Derek (陳冠樺) (formerly known as Chan Chi Hung Derek) ("**Mr. Chan**"), aged 49, has been appointed as a non-executive Director with effect from 27 March 2020. Mr. Chan is the managing director of Kingston Corporate Finance Limited. He is principally engaged in leading and planning investment banking and financial consultation services, including sponsorship for initial public offerings, structured finance, merger & acquisitions, asset restructuring and corporate governance advisory services. He has earned over 20 years of experience from a few renowned securities firms and global financial institutions. Mr. Chan had worked with Kingston Financial Group Limited from 2004 to 2008 and rejoined in January 2014. He holds a Master of Business Administration in the University of Strathclyde in 1999 and a Bachelor's Degree in Business Administration in the University of Regina in 1994. He is a responsible officer of Kingston Securities Limited for its Type 1 (dealing in securities) regulated activities and Kingston Corporate Finance Limited for its Type 6 (advising on corporate finance) regulated activities under the SFO.

Mr. Li Ren (李韌) ("**Mr. Li**"), aged 55, has been appointed as a non-executive Director with effect from 17 April 2019. Mr. Li obtained a bachelor degree in optical instruments in June 1987 in Zhejiang University and Master of Business Administration in China Europe International Business School in September 2012. Mr. Li is currently the chairman of the board of directors of Letright Industrial Corp. Ltd., which was founded by Mr. Li in May 1999 and formerly known as Hangzhou Zhongyi Trading Ltd.* (杭州中藝經貿有限公司) and principally engages in the business of research and development, design, manufacture of outdoor furniture. From July 1987 to July 1988, Mr. Li worked in Hangzhou Optical Instrument Factory* (杭州光學儀器廠) in which he was responsible for engineering work. From 1988 to 1995, Mr. Li worked in Hangzhou Light Industry Crafts Textile Import and Export Corporation* (杭州輕工工藝紡織品進出口公司) in which he was responsible for foreign trading. From May 1995 to May 1999, he worked in the sales department of Zhongyi International Advertising Exhibition Company* (中藝國際廣告展覽公司).

Please refer to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in the "Report of the Directors" in this annual report for Mr. Li's interest in the Shares as at 31 March 2020 which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chang Eric Jackson (張世澤) ("**Mr. Chang**"), aged 40, has been appointed as an independent non-executive Director with effect from 25 May 2018. Mr. Chang received his bachelor of commerce degree from the University of British Columbia in May 2002. Mr. Chang worked at PricewaterhouseCoopers Ltd. during the period from September 2002 to September 2013 and his last position there was senior manager. During the period from October 2013 to July 2015, Mr. Chang was the chief financial officer of a property development company. Mr. Chang is a member of the Hong Kong Institute of Certified Public Accountants and also a registered member of the American Institute of Certified Public Accountants. Mr. Chang is an independent non-executive director of Transmit Entertainment Limited (Stock Code: 1326), the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Mr. Chang was an independent non-executive director of Centenary United Holdings Limited (Stock Code: 1959), the issued shares of which are listed on the Main Board of the Stock Exchange, between September 2019 to May 2020. Mr. Chang was the company secretary and chief financial officer of China Tangshang Holdings Limited (Stock Code: 674), the issued shares of which are listed on the Main Board of the Stock Exchange during the period from April 2017 to August 2019. Mr. Chang was appointed as the company secretary of Pa Shun International Holdings Limited (Stock Code: 574), the issued shares of which are listed on the Main Board of the Stock Exchange from May 2019 to August 2019. Mr. Chang was a non-executive director of Sino Vision Worldwide Holdings Limited (Stock Code: 8086), the issued shares of which are listed on GEM of the Stock Exchange, between May 2017 and July 2018. During the period from July 2015 to March 2017, Mr. Chang served various roles in ZH International Holdings Limited (currently known as Zensun Enterprises Limited) (Stock Code: 185), the issued shares of which are listed on the Main Board of the Stock Exchange. Such roles included executive director, the joint company secretary and the chief financial officer of ZH International Holdings Limited.

* *For identification purposes only*

Mr. Chen Cheng-Lien (陳政璉) (also known as Chen Cheng-Lang and Chen Stanley), aged 41, has been appointed as an independent non-executive Director with effect from 27 March 2020. Mr. Chen Cheng-Lien has over 10 years' experience in finance and investment field as well as technology industry. Mr. Chen Cheng-Lien is currently the chief executive officer of Cornucopia Innovation Corporation, a subsidiary of Solomon Technology Corporation ("**Solomon**", together with its subsidiaries "**Solomon Group**"), a company listed on Taiwan Stock Exchange (stock code: 2359TW). Mr. Chen Cheng-Lien joined Solomon Group in September 2005 and he was a member of the board of directors of Solomon from July 2008 to January 2013. Mr. Chen Cheng-Lien was also a member of the board of directors of Solomon Goldentek Display Corporation from June 2014 to March 2018. Since December 2009, Mr. Chen Cheng-Lien has been a member of the board of directors of Data International Co. Ltd., a company listed on GreTai Securities Market of the Taiwan Stock Exchange (stock code: 5432TW). He serves as an independent non-executive director of China Shun Ke Long Holdings Limited (Stock Code: 974), a company listed on the Main Board of the Stock Exchange, since 31 October 2018. Mr. Chen Cheng-Lien was also a member of board of directors of United Test and Assembly Center Ltd. from June 2007 to October 2007. Mr. Chen Cheng-Lien was an analyst of JP Morgan Securities (Asia Pacific) Limited from July 2004 to September 2005 and a research analyst of Prudence International Advisory Limited from July 2003 to May 2004.

Mr. Chen Cheng-Lien obtained a bachelor of science in liberal arts and sciences degree from the University of Illinois at Urbana Champaign, the United States in December 2001, a master degree in financial engineering from the University of California, Berkeley in May 2003 and master of business administration degree in May 2008 from Cornell University, the United States. Mr. Chen Cheng-Lien obtained an EMBA degree at China Europe International School in Shanghai, the People's Republic of China in August 2019.

Mr. Liu Chun (劉春) ("**Mr. Liu**"), aged 52, has been appointed as an independent non-executive Director with effect from 22 April 2020. He has over 20 years of experience in the media industry. He is currently the senior vice president of Phoenix New Media Ltd, a company listed by way of American depositary shares on the New York Stock Exchange (symbol: FENG) since 2018. He is also an independent director of Vipshop Holdings Limited, a company listed by way of American depositary shares on the New York Stock Exchange (symbol: VIPS) since 2013. He was a director and the chief cultural officer of Zhongnanhong Cultural Group Co., Ltd* (中南紅文化集團股份有限公司), a company listed on the SME board of the Shenzhen Stock Exchange (stock code: 002445) and the president of its subsidiary, Jiangsu Zhongnan Film Co., Ltd.* (江蘇中南影業有限公司) from 2015 to 2018. He was a vice president of Sohu.com Limited, a company listed by way of American depositary shares on the NASDAQ Stock Market (symbol: SOHU) from 2011 to 2013. During his tenure at Phoenix Satellite Television Holdings Ltd between 2000 and 2011, Mr. Liu last served as the executive director of Phoenix Chinese TV. He was an executive producer of China Central Television from 1994 to 2000. Mr. Liu obtained a bachelor degree from the Anhui Normal University major in Chinese in 1983 and a master degree from the Communication University of China in 1991. He obtained an EMBA degree at Cheung Kong Graduate School of Business in 2009.

Ms. Luk Huen Ling Claire (陸萱凌) (formerly known as: Luk Yung Yung Claire) ("**Ms. Luk**"), aged 42, has been appointed as an independent non-executive Director with effect from 22 September 2015. She obtained a bachelor's degree in fine arts from the Hong Kong Academy for Performing Arts in July 2003 and a master's degree of business in marketing from the University of Technology, Sydney, Australia in March 2010. Ms. Luk has over 11 years of experience in corporate communications and marketing. She worked as head of communications, Asia at Aedas Limited between March 2010 and December 2010. From November 2006 to May 2008 she worked as a wardrobe manager at the Ocean Park, one of the largest theme parks in Hong Kong where she was responsible for sections strategic planning, administration and management of all wardrobe staff. In addition, Ms. Luk also gained experiences in marketing, business development and investor relation activities in previous engagements. She joined Roma Group Limited (Stock Code: 8072) as a senior consultant in December 2008 and became marketing director of the group in February 2011. In November 2014, Ms. Luk founded ST8GE Group Limited, a company specialising in corporate training and team building. Ms. Luk has been appointed as an independent non-executive director of Cool Link (Holdings) Limited (Stock Code: 8491) since February 2019 and Hon Corporation Limited (Stock Code: 8259) since November 2019, the issued shares of which are both listed on GEM of the Stock Exchanges. Ms. Luk was appointed as an independent non-executive director of Cloud Investment Holdings Limited (Stock Code: 8129) from February 2017 to April 2017, a company listed on GEM of the Stock Exchange until the delisting of its shares with effect from 26 March 2019.

Please refer to the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in the "Report of the Directors" in this annual report for Ms. Luk's interest in the Shares as at 31 March 2020 which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SENIOR MANAGEMENT

Mr. Cheung Lui (張雷) ("**Mr. Cheung**"), aged 48, who is the chief executive officer of Seazon Pacific Limited, a subsidiary of the Company, heads the operations of sales of apparel business. He had also been an executive Director and Chief Executive Officer from June 2015 to March 2020 overseeing the overall corporate strategies and management of the Group. Mr. Cheung graduated from The University of Hong Kong with a bachelor's degree in economics in November 1995. Mr. Cheung spent approximately 10 years in the banking sector and over 10 years in the garment industry where he gained extensive experience in management skills and knowledge of garment business.

Ms. Mang Ngai (孟毅) ("**Ms. Mang**"), aged 57, has numerous years of work experience in the garment industry including design, product development, sourcing and manufacturing of garment products. Ms. Mang had set up and worked in several garment related companies since 1992, such as HTP Group Limited, HTP Sourcing Limited and the Sourcing Group. Ms. Mang's extensive experience covers the entire vertical span of the supply chain industry including licensing and managing various well-known international brands. Ms. Mang joined the Group in June 2015 as chief operating officer and is primarily responsible for the sales and marketing activities of the Group and continue to be responsible for offering advice on industry trends and assisting the Group in expanding its customer base.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

Save as disclosed in the section headed "Chairman and Chief Executive Officer" in this corporate governance report, the Company was in compliance with all code provisions set out in the CG Code for the year ended 31 March 2020.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors by the Company, all Directors confirmed that they have complied with the required standard of dealings and the Company's code of conduct concerning securities transactions by the Directors for the year ended 31 March 2020.

BOARD OF DIRECTORS

For the year ended 31 March 2020, the Board consisted of:

Executive Directors	Ms. Jiang Xinrong *(Chairman) (appointed as executive Director with effect from 18 June 2019)* Mr. Chen Ningdi **(Chief Executive Officer) (appointed as executive Director with effect from 28 February 2020)* Mr. Chak Ka Wai *(resigned with effect from 26 April 2019)* Mr. Cheung Lui *(resigned with effect from 27 March 2020)* Mr. Yu Xiu Yang *(resigned with effect from 19 November 2019)*
Non-executive Directors	Mr. Chan Kwun Wah Derek *(appointed with effect from 27 March 2020)* Mr. Li Ren *(appointed with effect from 17 April 2019)* Ms. Chin Ying Ying *(resigned with effect from 27 March 2020)*
Independent non-executive Directors	Mr. Chang Eric Jackson Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(appointed with effect from 27 March 2020)* Ms. Luk Huen Ling Claire Mr. Choi Sheung Jeffrey *(resigned with effect from 27 March 2020)*

* Mr. Chen Ningdi is the spouse of Ms. Jiang Xinrong

The Company has received from each of the independent non-executive Directors his/her annual written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and accordingly the Company considers each of them to be independent under Rule 3.13 of the Listing Rules.

For the year ended 31 March 2020, a total of 11 Board meetings and 3 general meetings were held. The attendance records of each Director in relation to the Board meetings and general meeting are set out in the table below:

Name of Directors	Board meeting attended/eligible to attend	General meeting attended/eligible to attend
Ms. Jiang Xinrong *(appointed with effect from 18 June 2019)*	9/9	1/3
Mr. Chen Ningdi *(appointed with effect from 28 February 2020)*	2/2	0/0
Mr. Chak Ka Wai *(resigned with effect from 26 April 2019)*	1/1	0/0
Mr. Cheung Lui *(resigned with effect from 27 March 2020)*	9/10	3/3
Mr. Yu Xiu Yang *(resigned with effect from 19 November 2019)*	4/5	0/2
Mr. Chan Kwun Wah Derek *(appointed with effect from 27 March 2020)*	1/1	0/0
Mr. Li Ren *(appointed with effect from 17 April 2019)*	9/10	1/3
Ms. Chin Ying Ying *(resigned with effect from 27 March 2020)*	10/10	2/3
Mr. Chang Eric Jackson	11/11	0/3
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(appointed with effect from 27 March 2020)*	1/1	0/0
Ms. Luk Huen Ling Claire	10/11	2/3
Mr. Choi Sheung Jeffrey *(resigned with effect from 27 March 2020)*	10/10	1/3

RESPONSIBILITIES OF THE BOARD

The Board is responsible for maintaining leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies; authorising the development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system; and setting the Group's values and standards. The day-to-day management, administration and operation of the Group which include implementation of objectives, strategies and plans adopted by the Board, are delegated to the senior management and overseen by the Chief Executive Officer. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.

For the year ended 31 March 2020, the Company had a minimum of three independent non-executive Directors and at all times met the requirements of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board members and at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Company has arranged appropriate insurance coverage on the liabilities of the Directors in respect of any legal actions taken against the Directors arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance function such as (i) developing and reviewing the Company's policies and practices on corporate governance, (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management of the Company, (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and (iv) developing, reviewing and monitoring the code of conduct applicable to employees and the Directors, etc.

For the year ended 31 March 2020, regular Board meetings of the Company were held at least four times to review, consider and approve, among others, annual and interim results and to review the business operations, corporate governance and the effectiveness of internal control systems and risk management of the Group. The Board holds meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all Directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Draft minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The company secretary of the Company is responsible for keeping the minutes of all meetings of the Board and the Company's committees.

Every Board member has full access to the advice and services of the company secretary of the Company with a view to ensuring that all required procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period from 1 April 2019 to 28 February 2020, Mr. Cheung Lui performed his duties as both the Chairman and Chief Executive Officer.

However, the Board was of the view that this structure would not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and all major issues affecting the operations of the Company are discussed with members of the Board. The Board believed that this structure was conducive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus was in the best interest of the Group.

The position of the Chairman and Chief Executive Officer are held by Ms. Jiang Xinrong and Mr. Chen Ningdi with effect from 28 February 2020 and 27 March 2020 respectively. The Company continues to fully support the division of responsibility between the Chairman and the Chief Executive Officer to ensure a balance of power and authority.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The articles of association of the Company (the "**Articles**") provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Independent non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. The term of appointment of the independent non-executive Directors is set out in the section headed "Report of the Directors — Directors' Service Contracts/Appointment Letters" in this annual report. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change that may affect his/her independence and must provide an annual confirmation of his/her independence to the Company.

PROFESSIONAL DEVELOPMENT

To assist Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. As of 31 March 2020, all the then Directors, namely Mr. Jiang Xinrong, Mr. Chen Ningdi, Mr. Chan Kwun Wah Derek, Mr. Li Ren, Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) and Ms. Luk Huen Ling Claire had participated in continuous professional development programmes such as external seminars organised by qualified professional and/or reading materials relevant to the Group's business or to director's duties and responsibilities, to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

All Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 22 September 2015. The terms of reference of the Audit Committee are available at the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and significant financial reporting judgement and oversee financial reporting system, risk management and internal control systems of the Group.

For the year ended 31 March 2020, the Audit Committee consisted of three members, namely Mr. Chang Eric Jackson (chairman of the Audit Committee), Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) (appointed with effect from 27 March 2020), Ms. Luk Huen Ling Claire and Mr. Choi Sheung Jeffrey (resigned with effect from 27 March 2020), all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The Audit Committee has reviewed this annual report, including the audited consolidated results of the Group for the year ended 31 March 2020.

According to the current terms of reference, the Audit Committee shall meet at least two times for a financial year. Three meetings were held by the Audit Committee for the year ended 31 March 2020 and during the meetings, the Audit Committee reviewed the unaudited interim results as well as the audited annual results of the Group. The record of attendance of each member of the Audit Committee is set out below:

Name of members of the Audit Committee	Meeting attended/ eligible to attend
Mr. Chang Eric Jackson *(Chairman)*	3/3
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(appointed with effect from 27 March 2020)*	0/0
Ms. Luk Huen Ling Claire	3/3
Mr. Choi Sheung Jeffrey *(resigned with effect from 27 March 2020)*	3/3

The Group's internal control system is reviewed regularly by management. With the view of enhancing the Group's risk management and internal control systems, during the year ended 31 March 2020, the Company had appointed an independent consultant to review the Group's risk management and internal control systems and recommend actions to improve the Group's internal controls.

Having considered the results of the review conducted by the independent consultant, the Audit Committee is of the view that the Group's risk management and internal control systems were effective and in compliance with the requirements of code provision C.2.1 of the CG Code for the year ended 31 March 2020 in all material respects.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established on 22 September 2015. For the year ended 31 March 2020, it consisted of members, namely Mr. Chang Eric Jackson (appointed as chairman of the Remuneration Committee with effect from 28 February 2020), Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) (appointed with effect from 27 March 2020), Ms. Luk Huen Ling Claire (ceased to be the chairman and a member of the Remuneration Committee with effect from 28 February 2020 and 27 March 2020 respectively) and Mr. Choi Sheung Jeffrey (ceased to act with effect from 27 March 2020), all being independent non-executive Directors; Ms. Jiang Xinrong (appointed with effect from 28 February 2020), Mr. Chen Ningdi (acted as a member from 28 February 2020 to 27 March 2020) and Mr. Cheung Lui (ceased to act with effect from 28 February 2020), all being executive Directors; and Ms. Chin Ying Ying (ceased to act with effect from 28 February 2020), being a non-executive Director. The terms of reference of the Remuneration Committee are available at the websites of the Stock Exchange and the Company.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review management's remuneration proposals with reference to the Board's corporate goals and objectives; and ensure none of the Directors determine their own remuneration.

Five meetings were held by the Remuneration Committee for the year ended 31 March 2020. In the meetings, the Remuneration Committee has performed its duties to determine and make recommendations to the Board on the terms of service contracts of newly appointed Directors during the year ended 31 March 2020, as well as performance review and remuneration package of Directors and senior management. The record of attendance of each member of the Remuneration Committee is set out below:

Name of members of the Remuneration Committee	**Meeting attended/ eligible to attend**
Mr. Chang Eric Jackson *(appointed as chairman with effect from 28 February 2020)*	5/5
Ms. Jiang Xinrong *(appointed with effect from 28 February 2020)*	1/1
Mr. Chen Ningdi *(acted as a member from 28 February 2020 to 27 March 2020)*	1/1
Mr. Cheung Lui *(ceased to act with effect from 28 February 2020)*	2/4
Ms. Chin Ying Ying *(ceased to act with effect from 28 February 2020)*	3/4
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(appointed with effect from 27 March 2020)*	0/0
Ms. Luk Huen Ling Claire *(ceased to be the chairman with effect from 28 February 2020 and ceased to be a member with effect from 27 March 2020)*	5/5
Mr. Choi Sheung Jeffrey *(ceased to act with effect from 27 March 2020)*	5/5

Details of emoluments of the Directors of the Group for the year ended 31 March 2020 are set out in note 9 to the consolidated financial statements in this annual report.

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was established on 22 September 2015. For the year ended 31 March 2020, it consisted of members, namely Mr. Chang Eric Jackson (appointed as chairman of the Nomination Committee from 28 February 2020 to 27 March 2020), Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) (appointed with effect from 27 March 2020), Ms. Luk Huen Ling Claire (ceased to act with effect from 27 March 2020) and Mr. Choi Sheung Jeffrey (ceased to be the chairman and a member of the Nomination Committee with effect from 28 February 2020 and 27 March 2020 respectively), all being independent non-executive Directors; Ms. Jiang Xinrong (appointed as a member and chairman of Nomination Committee with effect from 28 February 2020 and 27 March 2020 respectively), Mr. Chen Ningdi (acted as a member from 28 February 2020 to 27 March 2020) and Mr. Cheung Lui (ceased to act with effect from 28 February 2020), all being executive Directors; and Ms. Chin Ying Ying (ceased to act with effect from 28 February 2020), being a non-executive Director. The terms of reference of the Nomination Committee are available at the websites of the Stock Exchange and the Company.

The primary duties of the Nomination Committee are to review the structure, size and diversity of the Board at least annually; identify individuals suitably qualified to become Board members; access the independence of independent non-executive Directors; and make recommendations to the Board on matters relating to the appointment and/or re-appointment of Directors.

Three meetings were held by the Nomination Committee for the year ended 31 March 2020. In the meetings, the Nomination Committee has performed its duties to review the structure, size and composition of the Board, make recommendations to the Board on the appointment and re-appointment of Directors and assess the independence of the independent non-executive Directors. The record of attendance of each member of the Nomination Committee is set out below:

Name of members of the Nomination Committee	**Meeting attended/ eligible to attend**
Ms. Jiang Xinrong *(appointed as a member with effect from 28 February 2020 and appointed as chairman with effect from 27 March 2020)*	1/1
Mr. Chen Ningdi *(acted as a member for the period from 28 February 2020 to 27 March 2020)*	1/1
Mr. Cheung Lui *(ceased to act with effect from 28 February 2020)*	2/4
Ms. Chin Ying Ying *(ceased to act with effect from 28 February 2020)*	3/4
Mr. Chang Eric Jackson *(appointed as chairman from the period from 28 February 2020 to 27 March 2020)*	5/5
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(appointed with effect from 27 March 2020)*	0/0
Ms. Luk Huen Ling Claire *(ceased to act with effect from 27 March 2020)*	5/5
Mr. Choi Sheung Jeffrey *(ceased to be the chairman with effect from 28 February 2020 and ceased to be a member with effect from 27 March 2020)*	5/5

Nomination policy

The Company adopted a nomination policy in compliance with the CG Code with effect from 1 January 2019, which establishes written guidelines for the Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, members of the Board have competencies in areas which are relevant and valuable to the Group.

Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by the Shareholders, are evaluated by the Nomination Committee based upon the director's qualifications. Director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Group's business.

Selection Criteria

The Nomination Committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the personal integrity and professional ethics of the director candidates, proven achievement and competence in the nominee's field of expertise and the ability to exercise sound business judgment. Candidates will be considered if they possess skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as the Nomination Committee may deem are in the best interests of the Company and its Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Board Diversity Policy

The Board has adopted a policy of diversity of the Board (the "**Diversity Policy**"). Accordingly, selection of Board members should be based on a range of aspects, including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The Nomination Committee considers the existing size and composition of the Board satisfy the requirements set out in the Diversity Policy and are adequately diverse for effective decision-making, taking into account the nature and scope of the Group's operations. The composition of the Board is reviewed on an annual basis by the Nomination Committee. Throughout the year ended 31 March 2020, the Board comprised of both male and female Directors with various educational background and professional experience.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and in compliance 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 the consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. The responsibility of the external auditor is to form an independent opinion, based on their audit, on the Group's consolidated financial statements prepared by the Directors and to report its opinion to the Shareholders. A statement by the auditor about their reporting responsibility is set out in the independent auditor's report in this annual report.

Risk Management and Internal Control

The Group emphasises the importance of a sound internal control system which is also indispensable for mitigating the Group's key risk exposures. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and fulfillment of the business objectives. The risk management and internal control systems are reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and Shareholders' interests.

The Group has adopted a three-tier risk management approach to identify, assess and manage different types of risks. As the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business transaction based on rules, models and systems developed by the management. The management, as the second line of defence, establishes rules and models based on the acceptable risk tolerance level as determined by the Board, develops new system for monitoring and controlling identified risks and provides technical support to business units and oversees their portfolio management. It ensures that risks are within acceptable range as determined by the Board and that the first line of defence is effective. As the final line of defense, the independent consultant, as an internal audit function, assists the Audit Committee to review the first and second lines of defence.

The Group is committed to the identification, evaluation and management of risks associated with its business activities through ongoing assessment by keeping a risk register to consider the likelihood and impact of each identified risk. The Group has also established procedures and internal controls for the handling and dissemination of inside information, whereby business units shall report to the Chief Executive Officer or Company Secretary of any potential inside information. The Chief Executive Officer or Company Secretary shall follow the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission (the "**SFC**") in considering whether any disclosure is required and shall seek legal advice where necessary. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by the Audit Committee and the Board.

For the year ended 31 March 2020, both the management of the Company and the independent consultant have reviewed the risk management and internal control systems of the Group and have provided written reports to the Audit Committee. The Board, as assisted by the Audit Committee, has conducted annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 March 2020, covering the material financial, operational and compliance controls, and considers the Group's risk management and internal control systems to be effective and adequate.

The Audit Committee has reviewed the adequacy of resources, qualifications and experience, training and budget and effectiveness of the accounting, internal audit and financial reporting functions for the year ended 31 March 2020.

AUDITOR'S REMUNERATION

For the year ended 31 March 2020, the fees paid/payable to the Company's auditor is set out as follows:

Services rendered	**Fee paid/payable** (HK$'000)
Audit services	806
Non-audit services	–
	806

COMPANY SECRETARY

Ms. Chin Ying Ying has been appointed as company secretary of the Company (the "**Company Secretary**") with effect from 27 March 2020 in place of Mr. Chak Ka Wai who resigned on the same day. For the year ended 31 March 2020, the Company Secretary undertook not less than 15 hours of professional training to update the skills and knowledge.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("**EGM**").

RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETING

Any one or more member(s) holding at the date of the 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 sent to the Company's principal place of business in Hong Kong as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the Company Secretary at the Company's principal place of business at 5/F, AIA Financial Centre, 112 King Fuk Street, San Po Kong, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified not in order, the Shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM is at least 14 clear day's notice in writing (and not less than 10 clear business days).

RIGHT TO SEND ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by e-mail to ir@seazon.com.hk for the attention of the Company Secretary.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Pursuant to article 85 of the Articles, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected shall have been lodged at the head office or the registration office of the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "**Proposal**") with his/her/its detailed contact information via email at the email address of the Company at ir@seazon.com.hk. The identity of the Shareholder will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is made by a Shareholder and such request is proper and in order, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

1. notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires approval in an annual general meeting;

2. notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval in an EGM.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include the annual general meeting; the annual and interim reports; notices; announcements, circulars, memorandum and articles of association on the Company's website at www.seasonpacific.com.

For the year ended 31 March 2020, there had been no significant change in the Company's constitutional documents.

POLICY ON PAYMENT OF DIVIDENDS

The Company adopted a policy on payment of dividends (the "**Dividend Policy**") in compliance with code provision E.1.5 of the CG Code with effect from 1 January 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

The Company shall review and reassess the Dividend Policy and its effectiveness on a regular basis or as required.

REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Following the completion of the acquisition of DL Securities and DA Finance in November 2019, the Group commenced its financial services business by conducting licensed business and money lending services. The Group is principally engaged in the sales of apparel products with the provision of supply chain management total solutions to customers and provision of financial services. The major activities of its principal subsidiaries are set out in note 26 to the consolidated financial statements of the Group.

RESULTS AND APPROPRIATIONS

The Group's results for the year ended 31 March 2020 are set out in the Group's consolidated statement of profit or loss and other comprehensive income on page 43 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (31 March 2019: Nil).

BUSINESS REVIEW

A discussion and analysis of the Group's performance during the year ended 31 March 2020, the key factors affecting its results and financial position, and the information on the compliance with laws and regulations that have a significant impact on the Company, environmental policy and performance and relationships with stakeholders that have a significant impact on the Company are set out in the section headed "Management Discussion and Analysis" of this annual report. Furthermore, a fair review of, and an indication of likely future development in the Group's business are set out in the section headed "Chairman's Statement" of this annual report. Save as disclosed in this annual report, since the end of the year ended 31 March 2020, no important event affecting the Group has occurred.

The Group's business is subject to the risks related to extreme changes in weather conditions and seasonality trends. Besides, it greatly relies on the Group's management team to operate and also the sales representatives for introduction of new customers and business opportunities to the Group.

FINANCIAL HIGHLIGHTS

Financial highlights of the Group are set out on page 114 of this annual report.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 March 2020 are set out in note 24 to the consolidated financial statements of the Group.

PRE-EMPTIVE RIGHTS

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

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

For the year ended 31 March 2020, the Company and its subsidiaries did not purchase, sell or redeem any of its Shares listed on the Stock Exchange.

EQUITY LINKED AGREEMENT

Save as disclosed in the section headed "Management Discussion and Analysis — Capital Structure — Issue of securities" in this annual report, no equity-linked agreement was entered into by the Group, or subsisted, during the year ended 31 March 2020.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 March 2020 are set out in note 34 to the consolidated financial statements of the Group and in the consolidated statement of changes in equity on page 45 of this annual report respectively.

DISTRIBUTABLE RESERVES

For the year ended 31 March 2020, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$109.7 million. Such amount represented other reserves after setting off accumulated losses of the Company, which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2020, the Group's largest and five largest customers represented approximately 19% and 64% of the Group's total revenue respectively, and the Group's largest and five largest suppliers represented approximately 21% and 58% of the Group's total cost of sales respectively.

None of the Directors nor any of their close associates (as defined in the Listing Rules) nor any Shareholders (which, to the knowledge of the Directors, owns more than 5% of the issued Shares) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year ended 31 March 2020.

DIRECTORS

During the year ended 31 March 2020 and up to the date of this annual report, the Directors were as the followings:

Executive Directors

Ms. Jiang Xinrong *(Chairman) (appointed as executive Director with effect from 18 June 2019)*
Mr. Chen Ningdi *(Chief Executive Officer) (appointed as executive Director with effect from 28 February 2020)*
Mr. Chak Ka Wai *(resigned with effect from 26 April 2019)*
Mr. Cheung Lui *(resigned with effect from 27 March 2020)*
Mr. Yu Xiu Yang *(resigned with effect from 19 November 2019)*

Non-executive Directors

Mr. Chan Kwun Wah Derek *(appointed with effect from 27 March 2020)*
Mr. Li Ren *(appointed with effect from 17 April 2019)*
Ms. Chin Ying Ying *(resigned with effect from 27 March 2020)*

Independent non-executive Directors

Mr. Chang Eric Jackson
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) *(appointed with effect from 27 March 2020)*
Mr. Liu Chun *(appointed with effect from 22 April 2020)*
Ms. Luk Huen Ling Claire
Mr. Choi Sheung Jeffrey *(resigned with effect from 27 March 2020)*

According to article 84(1) of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Any Director who retires under this article shall then be eligible for re-election as Director. Mr. Chang Eric Jackson and Ms. Luk Huen Ling Claire will retire as Directors and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company ("**AGM**").

According to article 83(3) of the Articles, any Director appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at such meeting. Mr. Chen Ningdi (who was appointed by the Board as an executive Director with effect from 28 February 2020), Mr. Chan Kwan Wah Derek (who was appointed by the Board as a non-executive Director with effect from 27 March 2020), Mr. Chen Cheng-Lien (who was appointed by the Board as an independent non-executive Director with effect from 27 March 2020) and Mr. Liu Chun (who was appointed by the Board as an independent non-executive Director with effect from 22 April 2020) will retire as Directors and, being eligible, offer themselves for re-election as Directors at the AGM.

BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are disclosed in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS/APPOINTMENT LETTERS

As at the date of this annual report, each of the executive Directors has entered into a service contract with the Company. The term of service agreement of Mr. Chen Ningdi, an executive Director, is for an initial term of three years commencing from 28 February 2020 and is subject to retirement by rotation and other related provisions as stipulated in the Articles. The term of service agreement of Ms. Jiang Xinrong, an executive Director, is for an initial term of three years commencing from 18 June 2019 and is subject to retirement by rotation and other related provisions as stipulated in the Articles.

Mr. Chan Kwun Wah Derek, being a non-executive Director with effect from 27 March 2020, entered into a letter of appointment with the Company for an initial term of three years commencing from 27 March 2020 and is subject to retirement by rotation and other related provisions as stipulated in the Articles.

Mr. Li Ren, being a non-executive Director with effect from 17 April 2019, entered into a letter of appointment with the Company for an initial term of three years commencing from 17 April 2019 and is subject to retirement by rotation and other related provisions as stipulated in the Articles.

Ms. Luk Huen Ling Claire, being an independent non-executive Director, entered into a letter of appointment with the Company on 22 September 2015 for an initial term of three years commencing from 7 October 2015 which shall continue thereafter unless terminated by either party giving at least one month's notice in writing. Mr. Chang Eric Jackson, being an independent non-executive Director with effect from 25 May 2018, entered into a letter of appointment with the Company for an initial term of three years commencing from 25 May 2018 and is subject to retirement by rotation and other related provisions as stipulated in the Articles. Mr. Chen Cheng-Lien, being an independent non-executive Director with effect from 27 March 2020, entered into a letter of appointment with the Company for an initial term of three years commencing from 27 March 2020 and is subject to retirement by rotation and other related provisions as stipulated in the Articles. Mr. Liu Chun, being an independent non-executive Director with effect from 22 April 2020, entered into a letter of appointment with the Company for an initial term of three years commencing from 22 April 2020 and is subject to retirement by rotation and other related provisions as stipulated in the Articles.

Save as disclosed above, no Director being proposed for re-election at the AGM has a service contract with the Company or any of its subsidiaries, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

MANAGEMENT CONTRACTS

No contract, other than a contract of service with any Director or any person under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company, was entered into or existed for the year ended 31 March 2020.

EMOLUMENT POLICY

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined by reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

The Company adopted a share option scheme and would consider to grant share options as incentive to any eligible personnel of the Group from time to time as appropriate. Please refer to the section headed "Report of the Directors — Share Option Scheme" of this annual report for further details of the share option scheme.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the senior management of the Group by band and the respective number of persons for the year ended 31 March 2020 are set out below:

Remuneration bands	Number of persons
HK$0 to HK$1,000,000	6
HK$1,000,001 to HK$2,000,000	3

Further details of Directors' remuneration and the five highest paid employees are set out in note 9 and note 10 to the consolidated financial statements.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangements which enabled the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate for the year ended 31 March 2020.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

As at 31 March 2020, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of 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 pursuant to the Model Code, were as follows:

Name of Director(s)	Capacity/nature of interest	Number of Shares	Approximate percentage of interest in the Company (Note 1)
Ms. Jiang Xinrong	Interest of spouse	443,722,395 (Note 2)	36.55%
	Interest of controlled corporation	222,418,000 (Note 3)	18.32%
	Beneficial owner	10,115,000 (Note 4)	0.83%
Mr. Chen Ningdi ("Mr. Chen")	Interest of controlled corporation	443,722,395 (Note 2)	36.55%
	Interest of spouse	232,533,000 (Note 3 & 4)	19.15%
Mr. Li Ren	Beneficial owner	113,392,000 (Note 5)	9.34%
Ms. Luk Huen Ling Claire	Beneficial owner	10,000,000 (Note 6)	0.82%

Notes:

1. Based on the total number of issued Shares as at 31 March 2020.

2. DA Wolf directly owned 443,722,395 Shares, representing approximately 36.55% of all issued Shares of the Company as at 31 March 2020. Mr. Chen being the sole shareholder of DA Wolf was deemed to be interested in the 443,722,395 Shares held by DA Wolf. By virtue of the SFO, Ms. Jiang, being the spouse of Mr. Chen, was deemed to be interested in all Shares held by Mr. Chen.

3. Rapid Raise Investments Limited ("**Rapid Raise**"), a company wholly owned by DL Global Holdings Limited ("**DL Global**"), of which approximately 30% of the issued share capital was held by Mr. Chen and approximately 36.6% of the issued share capital was held by Ms. Jiang, directly held 222,418,000 Shares, representing approximately 18.32% of all issued Shares as at 31 March 2020. Accordingly, Ms. Jiang was deemed to be interested in the 222,418,000 Shares held by Rapid Raise. By virtue of the SFO, Mr. Chen, being the spouse of Ms. Jiang, was deemed to be interested in all Shares held by Ms. Jiang.

4. These 10,115,000 Shares represented the shares held by Ms. Jiang. By virtue of the SFO, Mr. Chen, being the spouse of Ms. Jiang, was deemed to be interested in all Shares held by Ms. Jiang.

5. These 113,392,000 Shares represented the Shares held by Mr. Li.

6. These 10,000,000 Shares represented the Shares held by Ms. Luk.

Save as disclosed above, as at 31 March 2020, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2020, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	**Capacity/nature of interest**	**Number of Shares interested in or deemed to be interested**	**Approximate percentage of interest in the Company** (Note 1)
DA Wolf	Beneficial owner	443,722,395 (Note 2)	36.55%
DL Global	Interest of controlled corporation	222,418,000 (Note 3)	18.32%
Rapid Raise	Beneficial owner	222,418,000 (Note 3)	18.32%
Kiow Wei Hao	Interest of controlled corporation	63,874,000 (Note 4)	5.26%

Notes:

1. Based on the total number of issued Shares as at 31 March 2020.

2. Please refer to note 2 to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures" in this annual report for details.

3. Please refer to note 3 to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures" in this annual report for details.

4. Mr. Kiow Wei Hao ("**Mr. Kiow**") through Celerity Holdings Limited, a company wholly owned by him, indirectly owns 57,450,000 Shares representing approximately 4.73% of all issued Shares of the Company as at 31 March 2020. In addition, Mr. Kiow also indirectly holds 6,424,000 Shares through several entities wholly owned by him. By virtue of the SFO, Mr. Kiow is deemed to be interested in 63,874,000 Shares held by his controlled corporations, representing approximately 5.26% of all issued Shares of the Company as at 31 March 2020.

Save as disclosed above, as at 31 March 2020, no person, other than a Director or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures" above, had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was adopted and approved by the then shareholders of the Company (the "**Shareholders**") on 22 September 2015. The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. The eligible participants of the Share Option Scheme include the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any Director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group.

The maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of Shares as equals 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. The Company may seek approval by its shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of the Group in these circumstances must not exceed 10% of the issued share capital of the Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed.

Pursuant to the resolution passed by the shareholders of the Company in the annual general meeting of the Company held on 27 September 2019, the limit of the Share Option Scheme was refreshed as at the date of meeting and accordingly, the Company is allowed under the "refreshed limit" to grant options carrying the rights to subscribe for up to a total of 112,380,000 Shares, representing 10% and approximately 8.8% of the issued Shares as at the date of such annual general meeting and the date of this annual report respectively.

Unless approved by the Shareholders in the manner set out in the Share Option Scheme, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by shareholders of the Company in general meeting with such Eligible Participant and his close associates abstaining from voting (or his associates if the Eligible Participant is a connected person).

An offer of share options shall be made to an Eligible Participant in writing in such form as the Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

At the time of grant of the share options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a business day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date of that particular option; and (c) the nominal value of a Share on the offer date of the particular option.

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the close of business of the Company on the date which falls ten years from the date of the adoption of the Share Option Scheme.

During the year ended 31 March 2020, the Company granted 52,821,000 share options under the Share Option Scheme and a total of 90,345,000 shares options were exercised by employees, Directors and external consultants. As at 31 March 2020, the Company had 62,476,000 share options (31 March 2019: 100,000,000) outstanding under the Share Option Scheme. As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme is 112,380,000 Shares, representing 8.8% of the share capital of the Company in issue at the date of this annual report.

Details of movements in the share options under the Share Option Scheme during the year ended 31 March 2020 are as follows:

Category and name of grantee	Date of grant	Outstanding as at 1 April 2019	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 March 2020	Exercise price per share	Share price prior to the grant of share options	Weighted average closing price of share before date of exercise of options	Exercise period
Directors											
Ms. Jiang (Note 1)	15 August 2019	–	10,115,000	(10,115,000)	–	–	–	HK$0.476	HK$0.46	HK$0.63	15 August 2019 to 14 August 2022
Mr. Li (Note 2)	15 August 2019	–	11,238,000	–	–	–	11,238,000	HK$0.476	HK$0.46	–	15 August 2019 to 14 August 2022
Ms. Luk (Note 3)	27 April 2018	10,000,000	–	(10,000,000)	–	–	–	HK$0.425	HK$0.42	HK$0.63	27 April 2018 to 27 April 2028
Sub-total		10,000,000	21,353,000	(20,115,000)	–	–	11,238,000			–	
Employee(s) of the Group	27 October 2017	10,000,000	–	(10,000,000)	–	–	–	HK$0.482	HK$0.47	HK$0.63	27 October 2017 to 27 October 2027
	27 October 2017	10,000,000	–	(10,000,000)	–	–	–	HK$0.482	HK$0.47	HK$0.63	27 October 2017 to 27 October 2022
	27 April 2018	10,000,000	–	(10,000,000)	–	–	–	HK0.425	HK$0.42	HK$0.63	27 April 2018 to 27 April 2028
Other participant(s)	27 October 2017	20,000,000	–	–	–	–	20,000,000	HK$0.482	HK$0.47	–	27 October 2017 to 27 October 2027
	27 April 2018	40,000,000	–	(20,000,000)	–	–	20,000,000	HK$0.425	HK$0.42	HK$0.63	27 April 2018 to 27 April 2028
	15 August 2019	–	20,230,000	(20,230,000)	–	–	–	HK$0.50	HK$0.46	HK$0.63	15 August 2019 to 15 August 2022
	15 August 2019	–	11,238,000	–	–	–	11,238,000	HK$0.476	HK$0.46	–	15 August 2019 to 14 August 2022
Total		100,000,000	52,821,000	(90,345,000)	–	–	62,476,000			–	

Notes:

1. Ms. Jiang is an executive Director.
2. Mr. Li is a non-executive Director.
3. Ms. Luk is an independent non-executive Director.

There is no vesting period for the share options granted under the Share Option Scheme.

Further details of the Share Option Scheme (including the value of the share options granted) are disclosed in note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Details of the transactions during the year between the Group and connected persons (as defined in the Listing Rules) in which the Director has beneficial interest are set out in the section headed "Related Party and Connected Transactions" of this annual report.

Save as disclosed above, no Director or any entity connected with any Director had a material interest, whether directly or indirectly, in any transactions, arrangement or contract of significance in relation to the business of the Group, to which the Company or any of its subsidiaries or its parent companies was a party, which subsisted during or at the end of the year ended 31 March 2020.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in the section headed "Related Party and Connected Transactions" of this annual report, no contracts of significance in relation to the Group's business between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, nor contract of significance in relation to the Group's business for provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries, subsisted during or at the end of the year ended 31 March 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2020 and up to the date of this annual report, none of the Directors or any of their respective close associates, engaged in any business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking dated 25 September 2015 and executed by Wise Manner Limited and Ms. Mang Ngai, details of which were set out in the prospectus of the Company dated 29 September 2015 (the "**Prospectus**"), has been fully complied with and enforced for the year ended 31 March 2020. The Company further confirms that the deed of non-competition dated 25 September 2015 and given by Mr. Cheung Lui and Alpha Direct Investments Limited, details of which were set out in the Prospectus, has been fully complied with and enforced for the period from 1 April 2019 to 13 January 2020, being the date on which Mr. Cheung Lui and Alpha Direct Investments Limited ceased to own in aggregate 30% or more of the issued Shares. The Board also confirms that there are no other matter in relation to the aforesaid non-competition undertaking and deed of non-competition which should be brought to the attention of the Shareholders and the potential investors.

PERMITTED INDEMNITY PROVISION

Under the Articles, and subject to the applicable laws and regulations, the Directors and officers of the Group shall be indemnified out of the assets and profits of the Company from or against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. During the year ended 31 March 2020 and up to the date of this annual report, such indemnity provision was in force. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against the Directors.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2020 are set out in note 32 to the consolidated financial statements in this annual report. Save for the Acquisition, none of these related party transactions constituted a connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules for the year ended 31 March 2020. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 March 2020.

RELATED PARTY AND CONNECTED TRANSACTIONS

On 6 March 2019, an indirect wholly-owned subsidiary of the Company (as purchaser) and Mr. Chen Ningdi (as vendor), who was the then substantial shareholder of the Company entered into a sale and purchase agreement (the "**Agreement**"), pursuant to which the purchaser has agreed to acquire and the vendor has agreed to sell the entire share capital of DL Securities, a company licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and DA Finance, a company with money lender's licence (the "**Acquisition**") in an aim to diversify the Group's business to broaden its source of income, explore new markets with growth potential and capture new business opportunities which may create substantial value to the Shareholders. The consideration of the Acquisition was HK$42 million. The Acquisition constituted a discloseable and connected transaction of the Company and it was completed on 11 November 2019.

Pursuant to the Agreement, the vendor irrevocably warrants and guarantees to the purchaser that the audited profit after tax of DL Securities and DA Finance will be not less than HK$6 million (the "**Guarantee Profit**") for the financial year ending 31 December 2020 (the "**Guarantee Period**"). If during the Guarantee Period, the audited profit after tax of DL Securities and DA Finance is less than the Guaranteed Profit, the vendor shall compensate the purchaser seven times of the shortfall on a dollar to dollar basis within 14 days after the delivery of the audited accounts of DL Securities and DA Finance for the Guarantee Period. If DL Securities and DA Finance record an aggregate loss in its audited accounts for the Guarantee Period, the actual profit shall deem to be nil. If the actual profit exceeds the Guaranteed Profit, no adjustment consideration will be payable to the vendor by either DL Securities and DA Finance or the purchaser.

Please refer to the Company's announcements on 6 March 2019, 7 August 2019, 9 September 2019 and 11 November 2019 and the circular of the Company dated 16 August 2019 for more details.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, at least 25% of the issued Shares were held by the public (i.e. the prescribed public float applicable to the Company under the Listing Rules) at all times for the year ended 31 March 2020 and thereafter up to the date of this annual report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares.

AUDITOR

During the year, PricewaterhouseCoopers resigned as the auditor of the Company and Grant Thornton Hong Kong Limited ("**Grant Thornton**") was appointed as the auditor of the Company on 14 February 2020 to fill the causal vacancy following the resignation of PricewaterhouseCoopers. Please refer to the Company's announcement on 14 February 2020 for more details.

The consolidated financial statements for the year ended 31 March 2020 have been audited by Grant Thornton. Grant Thornton will retire, and being eligible, offer themselves for re-appointment at the AGM. A resolution for their reappointment as auditor of the Company will be proposed at the AGM.

By Order of the Board
Ms. Jiang Xinrong
Chairman & Executive Director

Hong Kong, 26 June 2020

Grant Thornton
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To the shareholders of DL Holdings Group Limited (formerly known as Season Pacific Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of DL Holdings Group Limited (formerly known as Season Pacific Holdings Limited) (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 43 to 113, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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.

KEY AUDIT MATTERS

Key audit matters are the matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in our audit
Impairment assessment of receivables	
Refer to notes 2.7, 2.8, 4.1, 35.1 and 35.4 to the consolidated financial statements	
As at 31 March 2020, the Group has trade, bills and other receivables of HK\$75,642,000 (2019: HK\$13,195,000), and loan and interest receivables of HK\$32,344,000 (2019: HK\$Nil), net of expected credit loss ("**ECL**") allowance of HK\$163,000 respectively. The ECL assessment of trade, bills and other receivables and loan and interest receivables involved significant management's judgement and use of estimates to ascertain the recoverability of trade, bills and other receivables. ECL allowance for trade and bills receivables, except for trade receivables from margin financing, are based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the historical credit loss experience, existing market conditions as well as forward-looking estimates, all of which involve a significant degree of management judgement.	Our audit procedures to assess the impairment assessment of receivables included: • reviewing the Group's procedures on credit policy given to customers; • checking the correctness of the aging analysis by customer on a sample basis; • assessing the reasonableness of management's ECL allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising ECL allowance;

Key Audit Matters	How the matter was addressed in our audit
Impairment assessment of receivables (Continued) *Refer to notes 2.7, 2.8, 4.1, 35.1 and 35.4 to the consolidated financial statements (Continued)* The Group assesses ECL allowance for trade receivables from margin financing, other receivables and loan and interest receivables based on an estimate of the recoverability of these receivables. Assessing the ECL of trade receivables of margin receivables, other receivables and loan and interest receivables requires the management's judgement and uses of estimates in determining the probability of default occurring by considering the aging of receivables, historical loss experience and forward-looking information. We have identified the ECL assessment of trade, bills and other receivables and loan and interest receivables as a key audit matter because of the assessment involves significant management's judgement and use of estimates.	• reviewing the Group's credit policies on protection of the Group against the identified risks including the requirements to obtain collateral from borrowers, robust ongoing credit assessment of borrowers and monitoring exposures against internal risk limits; • limiting concentrations of exposure by type of asset, counterparties, credit rating, geographic location etc.; • if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors; • on a sample basis, tested the values of collaterals including pledged securities and properties of margin financing accounts and mortgage loans respectively; • on a sample basis, reviewed and questioned credit profiles and reports of selected customers; and • assessing the appropriateness of the ECL calculation by examining the key data inputs on a sample basis to assess the accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the ECL. Based on the procedures performed, we found the management's impairment assessment of receivables to be supportable by available evidence.

Key Audit Matters	How the matter was addressed in our audit
Valuation of share options	
Refer to note 2.18, 4.1 and 11 to the consolidated financial statements	
During the year ended 31 March 2020, the Group granted 52,821,000 share options to its employees, director (included executive directors and non-executive director) and external consultants under its Share Options Scheme. The share-based payment expenses of HK$4,269,000 was charged to the consolidated statement of profit or loss and other comprehensive income and credited to the share options reserve. The fair value of the share options granted were derived from Binomial option pricing model. Significant judgement is exercised on the assessment of the fair value of the share options. In making the judgement, management applied key assumptions, including option life, risk-free rate and volatility which were subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate. Independent external valuation was obtained for the fair value of the share options in order to support management's estimate.	Our audit procedures to assess the valuation of share options included: • checking, on a sample basis, the terms and conditions of the share options granted with proper approval and grant letters; • evaluating the external valuer's competence, capabilities and objectivity; • assessing the reasonableness of the key assumptions, including option life, risk-free rate and volatility, based on available supporting data to assess if the valuation is within an acceptable range; and • evaluating the adequacy of disclosure made by the Group in the consolidated financial statements. Based on the procedures performed, we found the estimate of management in relation to the valuation of share options to be supportable by available evidence.

Key Audit Matters | **How the matter was addressed in our audit**

Valuation of goodwill and intangible assets

Refer to note 2.3, 2.6, 2.14, 4.1 and 33 to the consolidated financial statements

The Group acquired 100% of the share capital in DL Securities (HK) Limited ("**DL Securities**") for HK$41.8 million and 100% of the share capital of DA Finance (HK) Limited ("**DA Finance**") for HK$0.2 million during the financial year. According to the requirements of HKFRS 3 — Business Combinations, the directors performed a Purchase Price Allocation ("**PPA**") to the fair values of intangible assets and recognised a goodwill. The PPA is subject to significant directors' judgement and estimation in the following areas:

- Identification of intangible assets;
- Valuation of tangible and intangible assets (including goodwill); and
- Determination of the amortisation period for the identified intangible assets.

The fair values of the "intangible assets" owned by the subsidiaries were estimated by the management of the Group with reference to the valuation conducted by an independent professional external valuer using income based approach and market-based approach for DL Securities and DA Finance respectively. The valuation of "intangible assets" require the application of significant judgement and estimation in determining the appropriate valuation methodologies to be used, use of subjective assumptions and various unobservable inputs. They are sensitive to market comparable with adjustments of other individual factors by the valuer which may have significant impacts to the valuation.

Through the use of independent professional external valuer, the directors performed the PPA and also determined the resulting goodwill. The judgement involved in determining the PPA as well as the value allocated to intangible assets makes the PPA a key audit matter.

Our procedures to assess the valuation of goodwill and intangible assets included:

- evaluating management's assessment of the acquisition date by examining relevant supporting documents in demonstrating the transfer of control, such as relevant acquisition agreement, statutory records and board composition;
- assessing the competency, capability and objectivity of the independent professional external valuer by considering their qualifications, relevant experiences and relationship with the Group;
- understanding and assessing the rationale of management and the independent professional external valuer on the identification of goodwill and intangible assets and methodologies used based on our knowledge of the business and by comparison with external information about other comparable companies in this industry; and
- evaluating management's assessment of contingent consideration in particular the probability of estimated cash outflow for the acquisition by examining relevant terms set out in the acquisition agreement and assessing the uncertainties of crystallising the contingent consideration.

Based on the procedures performed, we found the estimate of management in relation to the valuation of goodwill and intangible assets to be supportable by available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2020 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND 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 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 directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

(Continued)

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with 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, related safeguards.

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

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

26 June 2020

Ng Ka Kong
Practising Certificate No.: P06919

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	**2020** **HK$'000**	2019 HK$'000 (Note)
Revenue	5	**226,391**	186,519
Cost of sales	7	**(195,804)**	(165,601)
Gross profit		**30,587**	20,918
Other (losses)/gains	6	**(39,432)**	37,753
Selling expenses	7	**(6,481)**	(7,587)
General and administrative expenses	7	**(36,292)**	(32,264)
Operating (loss)/profit		**(51,618)**	18,820
Finance income	12	**5**	292
Finance costs	12	**(248)**	(125)
Finance (costs)/income, net		**(243)**	167
(Loss)/profit before income tax		**(51,861)**	18,987
Income tax credit/(expense)	13	**452**	(305)
(Loss)/profit and total comprehensive (loss)/income for the year attributable to owners of the Company		**(51,409)**	18,682
(Loss)/earnings per share attributable to owners of the Company			
— Basic (HK cents)	15	**(4.57)**	1.69
— Diluted (HK cents)	15	**(4.57)**	1.67

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 47 to 113 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000 (Note)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**2,424**	1,111
Right-of-use assets	17	**4,664**	–
Intangible assets	18	**12,248**	–
Goodwill	33	**373**	–
Deferred income tax assets	19	**832**	278
Prepayments and deposits	20	**1,955**	2,115
Financial assets at fair value through profit or loss	22	**7,243**	57,038
		29,739	60,542
Current assets			
Trade, bills and other receivables, prepayments and deposits	20	**79,505**	46,586
Loan and interest receivables	21	**32,344**	–
Financial assets at fair value through profit or loss	22	**–**	17,753
Income tax recoverable		**4,075**	3,291
Bank balance — trust	23	**14,706**	–
Cash and cash equivalents	23	**50,745**	52,284
		181,375	119,914
Current liabilities			
Trade, bills and other payables	25	**34,606**	7,884
Bank borrowings	27	**6,362**	1,500
Lease liabilities	28	**4,594**	–
		45,562	9,384
Net current assets		**135,813**	110,530
Total assets less current liabilities		**165,552**	171,072
Non-current liabilities			
Lease liabilities	28	**288**	–
Provision for reinstatement cost	25	**250**	250
		538	250
Net assets		**165,014**	170,822
Equity			
Share capital	24	**12,142**	11,238
Other reserves		**128,597**	83,662
Retained earnings		**24,275**	75,922
Total equity		**165,014**	170,822

The consolidated financial statements on pages 43 to 113 were approved by the board of Directors on 26 June 2020 and were signed on its behalf.

Ms. Jiang Xinrong
Executive Director

Mr. Chen Ningdi
Executive Director

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 47 to 113 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company					
	Share capital HK$'000	**Share premium** HK$'000	**Share options reserve** HK$'000	**Capital reserve** HK$'000	**Retained earnings** HK$'000	**Total equity** HK$'000
Balance at 31 March 2018 and 1 April 2018	10,000	9,810	5,343	10	57,240	82,403
Total comprehensive income						
Profit for the year ended 31 March 2019	–	–	–	–	18,682	18,682
Transactions with owners in their capacity as owners						
Share-based payments (note 11)	–	–	9,694	–	–	9,694
Issuance of shares under share placement (note 24(b))	1,238	58,805	–	–	–	60,043
Balance at 31 March 2019 (note) and 1 April 2019	11,238	68,615	15,037	10	75,922	170,822
Adjustment from the adoption of HKFRS 16 (note 3)	–	–	–	–	(238)	(238)
Balance at 1 April 2019, as adjusted	11,238	68,615	15,037	10	75,684	170,584
Total comprehensive loss						
Loss for the year ended 31 March 2020	**–**	**–**	**–**	**–**	**(51,409)**	**(51,409)**
Transactions with owners in their capacity as owners						
Share-based payments (note 11)	**–**	**–**	**4,269**	**–**	**–**	**4,269**
Issuance of shares under Share Option Scheme (note 24(a))	**904**	**52,420**	**(11,754)**	**–**	**–**	**41,570**
Balance at 31 March 2020	**12,142**	**121,035**	**7,552**	**10**	**24,275**	**165,014**

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 47 to 113 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000 (Note)
Cash flows from operating activities			
Cash (used in)/generated from operations	30(a)	**(5,384)**	20,683
Income tax paid		**(886)**	(5,452)
Net cash (used in)/generated from operating activities		**(6,270)**	15,231
Cash flows from investing activities			
Bank interest income received	12	**5**	292
Dividend received		**268**	–
Purchases of property, plant and equipment	16	**(1,566)**	(658)
Deposit paid in related to an acquisition		**–**	(21,000)
Acquisition of subsidiaries, net of cash acquired		**(7,903)**	–
Addition of financial assets at fair value through profit or loss		**(29,853)**	(54,017)
Proceeds from sales of financial assets at fair value through profit or loss		**58,130**	16,979
Net cash generated from/(used in) investing activities		**19,081**	(58,404)
Cash flows from financing activities			
Proceeds from short-term bank borrowings	30(b)	**10,465**	10,000
Repayment of short-term bank borrowings	30(b)	**(5,603)**	(16,836)
Interest paid	30(b)	**(23)**	(125)
Capital element of lease rentals paid	30(b)	**(4,258)**	–
Interest element of lease rentals paid	30(b)	**(225)**	–
Proceeds from issuance of share under share placement	24(b)	**–**	60,043
Net cash generated from financing activities		**356**	53,082
Net increase in cash and cash equivalents		**13,167**	9,909
Cash and cash equivalents at beginning of year		**52,284**	42,375
Cash and cash equivalents at end of year	23	**65,451**	52,284

Note: The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 3.

The notes on pages 47 to 113 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

DL Holdings Group Limited (formerly known as Season Pacific Holdings Limited) (the "**Company**") was incorporated in the Cayman Islands on 11 May 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong at 5/F., AIA Financial Centre, 112 King Fuk Street, San Po Kong, Kowloon, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company and its subsidiaries (together the "**Group**") are principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers. Following the completion of the acquisition of DL Securities (HK) Limited ("**DL Securities**") and DA Finance (HK) Limited ("**DA Finance**") in November 2019, the Group commenced its business of provision of financial services of licensed businesses including financial advisory services, securities research, referral and brokerage services, margin financing services and money lending services to customers.

The immediate holding company and ultimate holding company of the Company is DA Wolf Investments I Limited ("**DA Wolf**").

These consolidated financial statements are presented in Hong Kong Dollars ("**HK$**"), unless otherwise stated.

The financial statements for the year ended 31 March 2020 were approved for issue by the board of Directors on 26 June 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss ("**FVTPL**") which are stated at fair value. The measurement bases are fully described in the accounting policies below.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year, except for a subsidiary which its financial year made up to 31 December each year.

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

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary. The financial year of a subsidiary, which is acquired during the year, made up to 31 December each year. For consolidation purpose, the income and expenses from 11 November 2019 (the acquisition date) to 31 March 2020 are included in the consolidated financial statements.

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

In the Company's statement of financial position, investment in subsidiaries are carried at cost less any impairment loss (see note 2.16) unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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

2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Business combinations *(Continued)*

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as a financial liability is remeasured at subsequent reporting dates at fair value with corresponding gain or loss being recognised in profit or loss.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is United States dollar ("**US$**"). The consolidated financial statements are presented in HK$ for convenience purpose which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVTPL are recognised in profit or loss as part of the fair value gain or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment (other than cost of right-of-use assets as described in note 2.11) are initially recognised at acquisition cost, manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the lease term of 3 years
Office equipment	5 years
Fitting and furniture	5 years
Computer equipment	3 years
Motor vehicles	5 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of subsidiaries.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("**CGUs**") and is tested annually for impairment (see note 2.16).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

2.7 Financial instruments

Recognition and derecognition

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

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

Financial assets

Classification and initial measurement of financial assets

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

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

— amortised cost;

— FVTPL; or

— fair value through other comprehensive income ("**FVOCI**").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and initial measurement of financial assets (Continued)

The classification is determined by both:

— the entity's business model for managing the financial asset; and

— the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for ECL of trade receivables and loan and interest receivables which is presented within general and administrative expenses.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

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

— they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

— the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's bank balance-trust, cash and cash equivalents, trade, bills and other receivables, and loan and interest receivables fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Financial instruments *(Continued)*

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include bank borrowings, leases liabilities and trade, bills and other payables.

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

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated and effective as hedging instruments and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

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

Accounting policies of lease liabilities are set out in note 2.11.

Bank borrowings

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

Trade, bills and other payables

Trade, bills and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.8 Impairment of financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Impairment of financial assets *(Continued)*

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

— financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("**Stage 1**"); and

— financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("**Stage 2**").

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

"**12-month ECL**" are recognised for the Stage 1 category while "**lifetime ECL**" are recognised for the Stage 2 category.

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

Trade and bills receivables (excluding margin financing)

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

To measure the ECL, trade and bills receivables (excluding margin financing) have been grouped based on shared credit risk characteristics and the days past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Impairment of financial assets *(Continued)*

Other financial assets measured at amortised cost

The Group measures the ECL allowance for trade receivables from margin financing, other receivables and loan and interest receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

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

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

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor;

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

Detailed analysis of the ECL assessment of trade, bills and other receivables, loan and interest receivables and other financial assets measured at amortised cost are set out in note 35.4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows presentation, cash and cash equivalents which are repayable on demand and form an integral part of the Group's cash management.

2.10 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.15). 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 2.7).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2.11 Leases

Definition of a lease and the Group as a lessee

(Policy applicable from 1 April 2019)

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, the Group elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Leases *(Continued)*

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

(Policy applicable from 1 April 2019) (Continued)

Measurement and recognition of leases as a lessee

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

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use assets for impairment when such indicator exists.

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

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

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

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

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less. Short-term leases comprise office rental, staff quarter rental, car park rental and warehouse rental.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Leases *(Continued)*

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

(Policy applicable before 1 April 2019)

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

Operating leases

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

2.12 Provisions and contingent liabilities

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

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

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 uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Provisions and contingent liabilities *(Continued)*

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

2.13 Share capital

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

2.14 Intangible assets (other than goodwill)

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

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

Intangible assets with indefinite useful lives are tested for impairment as described below in note 2.16.

2.15 Revenue recognition

Revenue arises mainly from the sales of apparel products, financial services of licensed business and money lending services.

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

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Revenue recognition *(Continued)*

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

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

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

Sales of goods

Revenue from trading of garment and accessories for private labels and international brands is recognised when control of the goods has transferred, being at the point the goods are delivered to the customer's premise and the customer has accepted the goods, and there is no unfulfilled obligation that could affect the customers' acceptance of the goods.

Financial services

Provision of one-stop platform with full range of financial advisory services and securities brokerage business which are regulated activities in Hong Kong under the Hong Kong Securities and Futures Ordinance (the "**SFO**"). A subsidiary in the Group is a licensed corporation under SFO for Types 1, 4 and 6 regulated activities. Income from the securities brokerage is recognised at a single point in time, i.e. on a trade date when the relevant transactions are executed. Handling and settlement fee income arising from broking services is recognised when the related services are rendered. Income from financial advisory services is recognised progressively over time once the performance obligation fulfilled and income from referral services is recognised at a point in time when the services is completed, according to the nature and terms of the contracts. There are no unfulfilled obligation that could affect the customer's acceptance of the services.

Interest income

Interest income generated from money lending business is included in revenue.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other gains.

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Impairment of non-financial assets

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of subsidiaries;
- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- The Company's interests in subsidiaries

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

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

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Employee benefits

Retirement benefits

The Group joined a Mandatory Provident Fund Scheme ("**MPF Scheme**"), a defined contribution plan, for all employees in Hong Kong. Under the MPF Scheme, the Group makes monthly contribution based on 5% of the employees' basic salaries which is subject to a cap of HK$1,500 for each employee to a privately administered pension insurance plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Forfeited contributions will not be used by the employer to reduce the existing level of contributions. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

In addition, pursuant to the government regulations in the PRC, the Group is required to contribute an amount to certain retirement benefit schemes based on the wages for the year of those employees in the PRC. The Group has no further payment obligations once the contributions have been paid.

Contribution to these defined contribution plans are charged to the consolidated statement of profit or loss and other comprehensive income as incurred.

Short-term employee benefits

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

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

Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the owner of the Company after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value.

2.18 Share-based payments

The Group granted share options to its employees, external consultants and a supplier under its Share Option Scheme ("**Share Option Scheme**"). There are no vesting period for the share options granted according to the Share Option Scheme. The fair value of the share options granted is expensed immediately to the consolidated statements of profit or loss and other comprehensive income which are vested at the date of grant. At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained earnings.

The amount to be expensed is determined by reference to the fair value of the share options granted including any market performance conditions, excluding the impact of any service and non-market performance vesting conditions and including the impact of any non-vesting conditions. Information relating to the Share Option Scheme is set out in note 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Borrowing costs

Borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

2.20 Accounting for income taxes

Income tax comprises current tax and deferred tax.

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

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

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 Accounting for income taxes *(Continued)*

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

— income or loss excluding reversals of temporary differences; and

— reversals of existing temporary differences.

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

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

   (i) the same taxable entity; or

   (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.21 Segment reporting

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

The Group has identified the following reportable segments:

- Sales of apparel products — sales of apparel products with the provision of supply chain management total solutions to customers;

- Financial services of licensed business — provide finance advisory and securities brokerage services to the customers;

- Money lending services — provide equity pledge financing services and money lending services to the customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Segment reporting *(Continued)*

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

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

- income tax; and
- corporate income and expenses which are not directly attributable to the business activities of any operating segment.

Segment assets include all assets but financial assets at FVTPL. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

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

No asymmetrical allocations have been applied to reportable segments.

2.22 (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing:

- the (loss)/profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share adjusts the figures used in the determination of basic (loss)/earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.23 Related parties

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

(a) the party is a person or a close member of that person's family and if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.23 Related parties *(Continued)*

(b) the party is an entity and if any of the following conditions applies:

(i) the entity and the Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019 *(Continued)*

HKFRS 16 "Leases" ("HKFRS 16")

HKFRS 16 replaces HKAS 17 "Leases" ("**HKAS 17**") along with three Interpretations (HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" ("**HK(IFRIC)-Int 4**"), HK(SIC)-Int 15 "Operating Leases-Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK(IFRIC)-Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

As a lessee

The Group has elected not to include initial direct costs in the measurement of the right-of-use assets for operating leases in existence at the date of initial application of HKFRS 16, being 1 April 2019. At this date, the Group has elected to measure the right-of-use assets at its carrying amount as if HKFRS 16 has been applied since the commencement date but discounted using the lessee's incremental borrowing rate at the date of initial application. The discounting effects of refundable rental deposits paid included in "trade, bills and other receivables, prepayments and deposits" at transition were considered as additional lease payments and adjusted to the cost of corresponding right-of-use assets.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to HKFRS 16, the Group has applied the practical expedient for applying a single discount rate to a lease with reasonably similar characteristics. The weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 3.63%.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

3. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2019 *(Continued)*

HKFRS 16 "Leases" ("HKFRS 16") *(Continued)*

As a lessee (Continued)

The following is a reconciliation of total operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	HK$'000
Total operating lease commitments disclosed at 31 March 2019	7,642
Recognition exemption:	
— Leases with remaining lease term of less than 12 months	(449)
Operating leases liabilities before discounting	7,193
Discounting using incremental borrowing rate as at 1 April 2019	(255)
Operating leases liabilities	6,938
Total lease liabilities recognised under HKFRS 16 at 1 April 2019	6,938
Classified as:	
Current lease liabilities	3,263
Non-current lease liabilities	3,675
	6,938

Total impact arising from transition to HKFRS 16

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position at 1 April 2019:

	HK$'000
Increase in right-of-use assets	6,700
Increase in lease liabilities	6,938
Decrease in retained earnings	238

3. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

Issued but not yet effective HKFRSs

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

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 16	COVID-19 — Related Rent Concessions[5]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective date not yet determined
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 June 2020

The Group is in the process of making an assessment of what the impact of these developments 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 Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Estimation uncertainty

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

Fair value of identifiable assets and liabilities acquired through business combinations at the date of acquisition

The Group applies the acquisition method to account for business combinations, which requires the Group to record assets acquired and liabilities assumed at their fair values on the date of acquisition. Significant judgment and estimate are used to determine the completion date and fair value of the assets acquired and liabilities assumed. The valuation involves estimating future cash flows from the acquired business, determining appropriate discount rates, asset lives and other assumptions.

Estimation of impairment of trade, bills and other receivables, loan and interest receivables and other financial assets measured at amortised cost within the scope of ECL under HKFRS 9

The Group makes allowances on items subjects to ECL (including trade, bills and other receivables, loan and interests receivables and other financial assets measured at amortised cost) based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period as set out in note 2.8. As at 31 March 2020, the aggregate carrying amounts of trade, bills and other receivables, loan and interest receivables and other financial assets measured at amortised cost amounted to HK$75,642,000, HK$32,344,000 (net of ECL allowance of HK$163,000) and HK$65,451,000, respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Estimation uncertainty *(Continued)*

Estimation of impairment of trade, bills and other receivables, loan and interest receivables and other financial assets measured at amortised cost within the scope of ECL under HKFRS 9 *(Continued)*

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade, bills and other receivables, loan and interest receivables and other financial assets measured at amortised cost within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

Valuation of share options granted

The fair value of share options granted was priced using a Binomial option pricing model which requires the management's estimates and assumptions on significant calculation inputs, including the estimated life of share options granted, the volatility of share price and expected dividend yield. Changes in the subjective input assumptions could materially affect the fair value estimate, which would in turn affect the share-based payment expense recognised for the period and its corresponding impact on the share options reserve. Estimates relating to the evaluation of share options are discussed in note 11.

Income tax

The Group is subject to income taxes in jurisdictions in which the Group operates. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. Details of income tax are set out in note 13.

Recognition of deferred tax assets

Deferred income tax assets relating to certain temporary differences and tax losses that are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The nature of their actual utilisation may be different.

5. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker ("**CODM**") has been identified as the executive directors of the Company. The executive directors reviewed the Group's internal reporting in order to assess performance and allocate resources. The management has determined the operating segments based on these reports. The executive directors assessed the performance of each single operating segment based on a measure of segment results. Changes in fair value of financial assets at FVTPL are not included in the result for each operating segment.

Following the completion of the acquisition of DL Securities and DA Finance in November 2019, the Group has identified three operating segments — (i) sales of apparel products with the provision of supply chain management total solutions to customers; (ii) provision of financial services of licensed business including financial advisory services, securities research, referral and brokerage services and margin financing services, and (iii) provision of money lending services. The CODM identified the segments based on the nature of business operations. Specifically, the CODM assessed the performance of sales of apparel products with the provision of supply chain management total solutions to customers, provision of financial services of licensed business and provision of money lending services and regarded these were the reportable segments.

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

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:

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation, bank interest income, finance costs and ECL of loan and interest receivables of assets, written off of property, plant and equipment attributable to those segments.

Segment assets include all tangible assets and current assets with the exception of financial assets at FVTPL and deferred income tax assets.

Segment liabilities include contract liabilities, trade, bills and other payables, provision for reinstatement cost, lease liabilities and bank borrowings managed directly by the segments.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2020 **HK$'000**	2019 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Sales of apparel products	**212,875**	186,519
— Provision of financial services of licensed business (note a)	**12,909**	–
— Provision of money lending services	**607**	–
	226,391	186,519
Disaggregated by timing of revenue recognition under HKFRS 15		
— Services provided over time	**4,750**	–
— Services provided at a point in time	**8,766**	–
— Goods transferred at a point in time	**212,875**	186,519
	226,391	186,519

Note a

Revenue from provision of financial services of licensed business	**HK$'000**	HK$'000
Services fee income from corporate finance advisory services	**12,707**	–
Commission and brokerage arising on securities dealing on the Stock Exchange	**202**	–
	12,909	–

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2020 is as follows:

	Sales of apparel products HK$'000	Financial services of licensed business HK$'000	Money lending services HK$'000	Total HK$'000
Revenue				
— From external customers	**212,875**	**12,909**	**607**	**226,391**
Reportable segment revenue	**212,875**	**12,909**	**607**	**226,391**
Reportable segment (loss)/profit	**(16,786)**	**3,895**	**301**	**(12,590)**
Bank interest income	**5**	**–**	**–**	**5**
Depreciation of non-financial assets	**(4,234)**	**(900)**	**–**	**(5,134)**
ECL of loan and interest receivables	**–**	**–**	**(163)**	**(163)**
Written off of property, plant and equipment	**(754)**	**–**	**–**	**(754)**
Finance costs	**(225)**	**(23)**	**–**	**(248)**
Reportable segment assets	**115,029**	**48,913**	**39,097**	**203,039**
Additions to non-current segment assets (other than financial instruments and deferred income tax assets) during the year	**8,090**	**15,798**	**598**	**24,486**
Reportable segment liabilities	**26,633**	**19,456**	**11**	**46,100**

Reconciliation of reportable segment loss and assets:

	2020 HK$'000
Loss	
Reportable segment loss	**(12,590)**
Loss on sales of equity securities	**(38,100)**
Fair value loss on equity securities	**(1,171)**
Consolidated loss before income tax	**(51,861)**
Assets	
Reportable segment assets, after elimination of inter-segment balances	**203,039**
Financial assets at FVTPL	**7,243**
Deferred income tax assets	**832**
Consolidated total assets	**211,114**

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

During the year ended 31 March 2019, the Group identified one operating segment — sales of apparel products with the provision of supply chain management total solutions to customers, and segment disclosures were not presented.

Revenue from external customers is analysed by region as follows:

	2020 HK$'000	2019 HK$'000
Revenue from sales of apparel products:		
Europe	**136,936**	72,458
America	**56,630**	87,139
Middle East	**14,257**	5,007
Asia Pacific (including Hong Kong)	**5,052**	21,915
	212,875	186,519
Revenue from provision of financial services of licensed business:		
Hong Kong	**12,909**	–
Revenue from provision of money lending services:		
Hong Kong	**607**	–
	226,391	186,519

Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

	2020 HK$'000	2019 HK$'000
Customer A	**42,031**	N/A
Customer B	**41,177**	42,650
Customer C	**27,236**	N/A
Customer D	**N/A**	31,745
Customer E	**N/A**	25,006
Customer F	**N/A**	21,559

Liabilities related to contracts with customers

As at 31 March 2020, contract liabilities included in trade, bills and other payables amounting to approximately HK$2,112,000 (2019: HK$1,856,000) (note 25).

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2020 HK$'000	2019 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	**1,856**	4,244

6. OTHER (LOSSES)/GAINS

	2020 HK$'000	2019 HK$'000
(Loss)/gain on sales of equity securities	**(38,100)**	11,529
Fair value (loss)/gain on equity securities	**(1,171)**	26,224
Written off of property, plant and equipment (note 16)	**(754)**	–
Others	**593**	–
	(39,432)	37,753

7. EXPENSES BY NATURE

	2020 HK$'000	2019 HK$'000
Cost of goods sold	**191,477**	160,065
Sales commission	**2,579**	2,221
Incentive fee (note 20)	**293**	1,000
Provision for impairment of prepaid incentive fee (note 20)	**118**	1,369
Depreciation of property, plant and equipment (note 16)	**924**	355
Depreciation of right-of-use assets (note 17)	**4,210**	–
Short-term leases/operating lease rentals in respect of		
— office	**7**	3,370
— staff quarter	**396**	776
— car park	**206**	256
— warehouse	**550**	250
Auditors' remuneration		
— Audit services	**806**	1,200
Employee benefit expenses (note 8)	**21,111**	17,343
Entertainment and travelling expenses	**1,923**	617
ECL of loan and interest receivables (note 21)	**163**	–
Professional fee in relation to share placement	**–**	1,441
Share options granted to eligible participants other than directors and employees	**1,792**	6,545
Consultancy fee	**5,257**	3,276
Other expenses	**6,765**	5,368
Total cost of sales, selling expenses and general and administrative expenses	**238,577**	205,452

8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2020 HK$'000	2019 HK$'000
Salaries, bonus and other short-term employee benefits	**18,149**	13,823
Share options granted to employees and directors	**2,477**	3,149
Provision for/(reversal of provision for) unutilised annual leave	**20**	(22)
Pension costs — defined contribution plans	**465**	393
	21,111	17,343

9. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS

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

	Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings					
	Fees HK$'000	Salaries HK$'000	Share-based payments HK$'000	Housing allowance HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Year ended 31 March 2020						
Executive directors						
Mr. Cheung Lui ("**Mr. Cheung**") (notes (i) and (v))	120	640	–	400	24	1,184
Mr. Chak Ka Wai ("**Mr. Chak**"), (notes (i) and (iii))	10	900	–	–	19	929
Mr. Yu Xiu Yang ("**Mr. Yu**") (Resigned on 19 November 2019) (note (vi))	458	–	854	–	–	1,312
Ms. Jiang Xinrong ("**Ms. Jiang**") (Appointed on 18 June 2019)	1,132	–	769	–	15	1,916
Mr. Chen Ningdi ("**Mr. Chen**") (Appointed on 28 February 2020) (note (vii))	160	–	–	–	2	162
Non-executive directors						
Ms. Chin Ying Ying (Resigned on 27 March 2020)	456	–	–	–	–	456
Mr. Li Ren ("**Mr. Li**") (Appointed on 17 April 2019)	229	–	854	–	–	1,083
Mr. Chan Kwun Wah Derek (Appointed on 27 March 2019)	3	–	–	–	–	3
Independent non-executive directors						
Mr. Choi Sheung Jeffrey (Resigned on 27 March 2020)	120	–	–	–	–	120
Ms. Luk Huen Ling Claire ("**Ms. Luk**")	120	–	–	–	–	120
Mr. Chang Eric Jackson (Appointed on 25 May 2018)	120	–	–	–	–	120
Mr. Chen Cheng-Lien (Appointed on 27 March 2020)	2	–	–	–	–	2
	2,930	1,540	2,477	400	60	7,407

9. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

	Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings					
	Fees HK$'000	Salaries HK$'000	Share-based payments HK$'000	Housing allowance HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Year ended 31 March 2019						
Executive directors						
Mr. Cheung, Chief Executive Officer (note (i))	120	586	–	454	24	1,184
Mr. Chak, Chief Financial Officer (notes (i) and (iii))	120	780	1,575	–	24	2,499
Mr. Yu (Appointed on 16 May 2018)	631	–	–	–	–	631
Executive						
Ms. Mang, Chief Operating Officer	–	820	–	480	18	1,318
Non-executive directors						
Ms. Chan Hong Nei, Connie ("**Ms. Chan**") (Resigned on 16 May 2018) (note (ii))	56	–	–	–	–	56
Ms. Chin Ying Ying (Appointed on 16 May 2018)	400	–	–	–	–	400
Independent non-executive directors						
Mr. Choi Sheung, Jeffrey	120	–	–	–	–	120
Ms. Luk	120	–	1,574	–	–	1,694
Mr. Lam Yau Lun (Appointed on 26 May 2017 and resigned on 25 May 2018)	18	–	–	–	–	18
Mr. Chang Eric Jackson (Appointed on 25 May 2018)	102	–	–	–	–	102
	1,687	2,186	3,149	934	66	8,022

9. DIRECTORS', CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Notes:

(i) The remuneration shown above included remuneration received from the Group by the directors in their capacity as employees of the Company or its subsidiaries during the years ended 31 March 2020 and 2019.

(ii) On 16 May 2018, the board of directors approved at their discretion that the share options granted to Ms. Chan remained valid after her resignation.

(iii) Mr. Chak resigned as executive director with effect from 26 April 2019 and as chief financial officer of the Company with effect from 27 March 2020.

(v) Mr. Cheung resigned as executive director and chief executive officer of the Company with effect from 27 March 2020.

(vi) On 19 November 2019, the board of directors approved at their discretion that the share options granted to Mr. Yu remained valid after his resignation.

(vii) Mr. Chen was appointed as executive director with effect from 28 February 2020 and chief executive officer of the Company with effect from 27 March 2020.

(viii) Mr. Liu Chun was appointed as independent non-executive director with effect from 22 April 2020.

During the year ended 31 March 2020, there were no retirement benefits paid to directors (2019: Nil) in respect of the services as a director of the Company and its subsidiaries.

During the year ended 31 March 2020, there was no benefits provided for early termination of the directors' appointment in office (2019: Nil).

No consideration was provided to third parties for making available of directors' services during the year ended 31 March 2020 (2019: Nil).

During the year ended 31 March 2020, there was no arrangement in relation to loans, quasi-loans and other dealings between the Group and the directors (2019: Nil).

For significant transactions, arrangements and contracts in relation to Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year, please refer to note 32 (2019: Nil).

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2019: HK$Nil).

The value of share options granted to directors is measured according to the Group's accounting policy for share-based compensation set out in note 2.18 and 4.1. The details of these benefits in kind including the principal terms and number of options granted are disclosed under the heading "Share Option Scheme" in the Report of the Directors in the 2020 annual report and note 11.

10. FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

The five individuals whose emoluments were the highest in the Group for the year include 4 (2019: 4) directors and executives whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining individual during the year ended 31 March 2020 and 31 March 2019 are as follows:

	2020 **HK$'000**	2019 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**1,218**	702
Bonus	**100**	476
	1,318	1,178

10. FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(Continued)*

The emoluments of the remaining individual fell within the following bands during the years ended 31 March 2020 and 31 March 2019:

	Number of individual	
	2020	2019
Between HK$1,000,001 and HK$1,500,000	**1**	1

11. SHARE-BASED PAYMENTS

The Company has a Share Option Scheme which was adopted on 22 September 2015 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company by payment of HK$1.00 consideration upon acceptance. The options vest immediately from the date of grant and then exercisable within a period of three years. Each option gives the holder the right to subscribe for one ordinary share in the Company.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

On 15 August 2019, the Group granted a total of 52,821,000 share options under the Share Option Scheme with no vesting period. Among the 52,821,000 share options, 32,591,000 of which has an exercise price of HK$0.476 to subscribe for one ordinary share of HK$0.01 each, and the remaining 20,230,000 of which has an exercise price of HK$0.50 to subscribe for one ordinary share each.

Name	Position held/relationship with the Company	Number of shares options granted
Ms. Jiang	Executive director	10,115,000
Mr. Yu	Executive director	11,238,000
Mr. Li	Non-executive director	11,238,000
External consultants	Not applicable	20,230,000

The exercise price of share options is not lower than the higher of (i) the closing price of HK$0.46 per share as quoted in the Stock Exchange's daily quotation sheet on the grant date; (ii) the average closing price of HK$0.476 per share as quoted in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date; and (iii) the nominal value of HK$0.01 per share.

On 27 April 2018, the Group granted a total of 60,000,000 share options under the Share Option Scheme with no vesting period. The exercise price of the share options granted is HK$0.425 per share.

Name	Position held/relationship with the Company	Number of shares options granted
Mr. Chak	Chief Financial Officer	10,000,000
Ms. Luk	Independent non-executive director	10,000,000
External consultants and a supplier	Not applicable	40,000,000

11. SHARE-BASED PAYMENTS *(Continued)*

The exercise price of share options is based on the higher of (i) the closing price of HK$0.425 per share as quoted in the Stock Exchange's daily quotation sheet on the grant date; and (ii) the average closing price of HK$0.414 per share as quoted in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date.

11.1 Movement in share options

	2020			2019		
	Average exercise price per share	**Number of share options**	**Expiry date**	Average exercise price per share	Number of share options	Expiry date
As at 1 April	**0.448**	**100,000,000**		0.482	40,000,000	
Granted during the year	**0.485**	**52,821,000**	**15 August 2022**	0.425	60,000,000	27 April 2028
Exercised during the year	**0.460**	**(90,345,000)**	**note (i)**	–	–	–
As at 31 March	**0.462**	**62,476,000**		0.448	100,000,000	
Exercisable as at 31 March	**0.462**	**62,476,000**		0.448	100,000,000	

Note:

(i) During the year ended 31 March 2020, a total of 90,345,000 share options (2019: Nil) were exercised by directors (including executive director and non-executive director), employees and the external consultants to subscribe for the total of 90,345,000 shares. Among the 90,345,000 share options, 20,000,000 share options with an expiry date on 27 October 2027; 40,000,000 share options with an expiry date on 27 April 2028 and 30,345,000 share options with an expiry date on 15 August 2022.

During the year ended 31 March 2020, there was no lapse or cancellation of share options (2019: Nil).

The weighted average share price for share options exercised during the year at the date of exercise was HK$0.460.

The options outstanding at 31 March 2020 and 31 March 2019 had exercise prices of HK$0.425 to HK$0.482.

During the year ended 31 March 2020, share-based payment expense in relation to share options granted to the directors (included executive director and non-executive director), employees and the external consultants were HK$2,477,000 and HK$1,792,000 (2019: HK$3,149,000 and HK$6,545,000) respectively and charged to the consolidated statement of profit or loss and other comprehensive income.

11. SHARE-BASED PAYMENTS *(Continued)*

11.2 Fair value of share options and assumptions

The fair value of the share options granted during the year ended 31 March 2020 were derived from Binomial option pricing model by applying the following bases and assumptions:

	2020		2019	
	Share options granted to		Share options granted to	
	Ms. Jiang, Mr. Yu and Mr. Li	**External consultants**	Mr. Chak and Ms. Luk	External consultants and a supplier
Grant date	**15/8/2019**	**15/8/2019**	27/4/2018	27/4/2018
Number of options granted	**32,591,000**	**20,230,000**	20,000,000	40,000,000
Option life (note (i))	**3 years**	**3 years**	10 years	10 years
Risk-free rate (note (ii))	**1.4%**	**1.4%**	2.147%	2.019%
Volatility (note (iii))	**30.57%**	**30.57%**	38.62%	38.62%
Dividend yield	**0%**	**0%**	0%	0%
Fair value per share option at grant date	**HK$0.0760**	**HK$0.0886**	HK$0.1574	HK$0.1636
Total fair value for each batch	**HK$2,477,000**	**HK$1,792,000**	HK$3,149,000	HK$6,545,000

Notes:

(i) The option life was determined with reference to the expiry date of the Share Option Scheme and the estimation on expected retirement date of the respective individuals and probability of contract renewal with the external consultant by management.

(ii) The risk-free rate was determined with reference to the yield of Hong Kong Government Exchange Fund Notes with a maturity life equal to the time to maturity of the share options at the grant date.

(iii) The volatility of the share options was calculated based on the daily stock prices of the comparables companies. The length of period approximately equals to the time to maturity of the share options at the grant date.

The fair value of the share options during the years ended 31 March 2020 and 2019 are arrived at on the basis of a valuation carried out at the grant date by Avista Valuation Advisory Limited. The fair value of the share options are subject to the limitations of the Binomial option pricing model and a number of assumptions which are subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate. The weighted average fair value of share options granted during the year ended 31 March 2020 determined using the Binomial option pricing model was HK$0.081 per share option (2019: HK$0.162).

The outstanding share options as at 31 March 2020 had a weighted average remaining contractual life of 4.80 years (2019: 8.88 years).

At 31 March 2020, the Company had 62,476,000 (2019: 100,000,000) share options outstanding under the Share Option Scheme, which represented approximately 5.2% (2019: 8.9%) of the Company's shares in issue at that date. Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

12. FINANCE (COSTS)/INCOME, NET

	2020 HK$'000	2019 HK$'000
Finance income		
Bank interest income	**5**	292
Finance costs		
Interest expenses on bank borrowings	**(23)**	(125)
Interest expenses on lease liabilities	**(225)**	–
	(248)	(125)
Finance (costs)/income, net	**(243)**	167

13. INCOME TAX (CREDIT)/EXPENSE

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

	2020 HK$'000	2019 HK$'000
Current income tax		
— Hong Kong	**102**	326
— The People's Republic of China ("**PRC**")	**–**	1
	102	327
Deferred tax		
— Hong Kong (note 19)	**(554)**	(22)
Total	**(452)**	305

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25% (2019: 8.25%), and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2019: 16.5%). Corporate income tax of the PRC has been provided at the preferential rate of 10% (2019: 10%) on the estimated assessable profit for the year. The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2020 HK$'000	2019 HK$'000
(Loss)/Profit before income tax	**(51,861)**	18,987
Tax calculated at a tax rate of 16.5% (2019: 16.5%)	**(8,557)**	3,133
Effect of different tax rates of a subsidiary operating in other jurisdiction	**3**	(1)
Expenses not deductible for tax purposes	**8,760**	1,600
Income not subject to taxation	**(820)**	(6,235)
Tax losses not recognised	**1,072**	1,868
Utilisation of previously unrecognised tax loss	**(725)**	–
Tax deduction	**(20)**	(60)
Others	**(165)**	–
Income tax (credit)/expense	**(452)**	305

13. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

For the year ended 31 March 2020, the weighted average applicable tax rate was Nil (2019: 1.6%). The decrease in the weighted average applicable tax rate for the year ended 31 March 2020 was mainly due to the non-deductible loss on sales of equity securities of HK$38,100,000 (2019: non-taxable gain on sales of equity securities of HK$11,529,000), non-deductible fair value loss on equity securities of HK$1,171,000 (2019: non-taxable fair value gain on equity securities of HK$26,224,000) and partially offset by the non-deductible share-based payment expenses of HK$4,269,000 (2019: HK$9,694,000).

14. DIVIDENDS

The Board did not recommend the payment of a final dividend for the years ended 31 March 2020 and 2019.

15. (LOSS)/EARNINGS PER SHARE

15.1 Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the years.

	2020	2019
(Loss)/Profit attributable to owners of the Company (HK$'000)	**(51,409)**	18,682
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**1,124,293,689**	1,103,110,137
Basic (loss)/earnings per share (HK cents per share)	**(4.57)**	1.69

15.2 Diluted

	2020	2019
(Loss)/Profit attributable to owners of the Company (HK$'000)	**(51,409)**	18,682
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,124,293,689**	1,103,110,137
Effect of dilutive potential ordinary shares		
Share options (note (i) and (ii))	**–**	13,197,944
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**1,124,293,689**	1,116,308,081
Diluted (loss)/earnings per share (HK cents per share)	**(4.57)**	1.67

Note:

(i) The calculation of the diluted earnings per share for the year ended 31 March 2019 is based on the profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the sum of the weighted average number of the ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

(ii) Diluted loss per share for the year ended 31 March 2020 equals to basic loss per share as the impact of share options outstanding has an anti-dilutive effect on the basic loss per share amounts presented.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Office equipment HK$'000	Computer equipment HK$'000	Fitting and furniture HK$'000	Motor vehicles HK$'000	Total HK$'000
Year ended 31 March 2019						
Opening net book value	–	42	45	152	569	808
Additions	629	–	29	–	–	658
Depreciation	(63)	(11)	(28)	(47)	(206)	(355)
Closing net book value	566	31	46	105	363	1,111
At 31 March 2019						
Cost	3,455	116	944	234	1,030	5,779
Accumulated depreciation	(2,889)	(85)	(898)	(129)	(667)	(4,668)
Net book value	566	31	46	105	363	1,111
Year ended 31 March 2020						
Opening net book value	**566**	**31**	**46**	**105**	**363**	**1,111**
Acquisition through business combinations (note 33)	**1,176**	**198**	**–**	**51**	**–**	**1,425**
Additions	**928**	**620**	**18**	**–**	**–**	**1,566**
Written off (note 6)	**(591)**	**(163)**	**–**	**–**	**–**	**(754)**
Depreciation	**(517)**	**(120)**	**(29)**	**(52)**	**(206)**	**(924)**
Closing net book value	**1,562**	**566**	**35**	**104**	**157**	**2,424**
At 31 March 2020						
Cost	**4,968**	**771**	**962**	**285**	**1,030**	**8,016**
Accumulated depreciation	**(3,406)**	**(205)**	**(927)**	**(181)**	**(873)**	**(5,592)**
Net book value	**1,562**	**566**	**35**	**104**	**157**	**2,424**

Depreciation expenses of approximately HK$924,000 (2019: HK$355,000) have been charged to the general and administrative expenses for the year ended 31 March 2020.

17. RIGHT-OF-USE ASSETS

Upon initial application of HKFRS 16, the right-of-use assets represent lease of office and staff quarter in Hong Kong.

	2020 HK$'000
As at 31 March 2019	**–**
Impact on initial application of HKFRS 16 (note 3)	**6,700**
As at 1 April 2019	**6,700**
Additions	**839**
Acquisition through business combinations (note 33)	**1,335**
Depreciation for the year (note 7)	**(4,210)**
As at 31 March 2020	**4,664**

18. INTANGIBLE ASSETS

Intangible assets related to the Securities and Futures Commission (the "**SFC**") License Types 1,4,6 and Money Lending License of the subsidiaries were arising from the business combinations (note 33). The Group regards these licenses to have an indefinite useful life and are carried at cost less any subsequent accumulated impairment losses.

	SFC License Types 1, 4 and 6 HK$'000	Money Lending License HK$'000	Total HK$'000
Year ended 31 March 2019			
Opening net book value	–	–	–
Acquisition through business combinations (note 33)	**11,748**	**500**	**12,248**
Amortisation	–	–	–
At 31 March 2020	**11,748**	**500**	**12,248**

In respect of the licenses which were allocated to the CGUs of the SFC licensed business and money lending business acquired during the year ended 31 March 2020 (note 33), the licenses have no foreseeable limit to the period over which the Group can use to generate net cash flows. The directors consider the licenses as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The licenses will not be amortised until their useful life are determined to be finite.

During the year ended 31 March 2020, the Group reviewed the recoverable amounts of the licenses. No impairment loss has been recognised during the year.

The recoverable amount of SFC License Types 1, 4 and 6, the intangible asset relating to the SFC licensed business has been determined from value-in-use calculation based on cash flow projections from budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.5%.

	2020
Discount rate	**19.85%**
Operating profit margin	**4%–8%**
Growth rate within the five-year period	**1.0%**

The discount rate used is pre-tax and reflect specific risks relating to the provision of financial services of licensed business. The operating margin and growth rate within the five-year period have been estimated based on management expectation and the result of the market research and prediction.

The recoverable amounts of the Money Lending License, the intangible asset relating to the money lending business has been determined from value-in-use calculation based on cash flow projections from budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.5%.

18. INTANGIBLE ASSETS *(Continued)*

	2020
Discount rate	**19.85%**
Operating profit margin	**83%**
Growth rate within the five-year period	**1.0%**

The discount rate used is pre-tax and reflect specific risks relating to the money lending business. The operating profit margin and growth rate within the five-year period have been estimated based on management expectation and the result of the market research and prediction.

19. DEFERRED INCOME TAX ASSETS

The analysis of deferred income tax assets is as follows:

	2020 **HK$'000**	2019 HK$'000
Deferred income tax assets:		
Recoverable after 12 months	**832**	278

The movements in deferred income tax assets during the year are as follows:

	Decelerated tax depreciation HK$'000
At 1 April 2018	256
Credited to the consolidated statement of profit or loss and other comprehensive income (note 13)	22
At 1 April 2019	**278**
Credited to the consolidated statement of profit or loss and other comprehensive income (note 13)	**554**
At 31 March 2020	**832**

The Group did not recognise deferred income tax assets in respect of cumulative tax losses of HK$2,215,000 (2019: HK$1,868,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. These tax losses have no expiry date.

20. TRADE, BILLS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2020 HK$'000	2019 HK$'000
Gross trade receivables (excluding margin receivables and receivables from corporate finance advisory services)	21,509	7,390
Gross trade receivables — margin receivables (note (a))	7,712	–
Gross trade receivables — corporate finance advisory services	711	–
Gross bills receivables	1,924	3,592
Trade and bills receivables, net of provision (note (d))	31,856	10,982
Prepaid incentive fee (note (b))	175	585
Advance payment of sales commission	–	607
Payment in advance to suppliers	3,918	12,976
Refundable deposit in relation to an acquisition (note (c))	–	21,000
Rental deposits	1,955	1,955
Prepayments	316	338
Other receivables and deposits (note (e))	43,240	258
Total trade, bills and other receivables, prepayments and deposits	81,460	48,701
Less: Non-current portion		
Long-term portion of prepaid incentive fee	–	(292)
Long-term portion of rental deposits	(1,955)	(1,823)
	79,505	46,586

Notes:

(a) Trade receivables from margin clients are secured by the client's pledged securities with undiscounted market value of approximately HK$16,866,000 as at 31 March 2020 which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. Trade receivables from margin clients are repayable on demand and bear interest at commercial rates. There is no repledge of the collateral from margin clients during the year ended 31 March 2020.

(b) On 14 March 2016, the Group entered into a consultancy agreement with Asian Succeed Limited ("**Asian Succeed**"), an independent third party, to appoint Asian Succeed as the consultant to provide consultancy services in relation to the sales of the Group's apparel products and services for a period of five years. The Group paid a sign up and incentive fee to Asian Succeed of HK$5,000,000. The prepaid incentive fee is subject to amortisation of five years.

As at 31 March 2020, the Group recognised HK$175,000 (2019: HK$585,000) as prepaid incentive fee to Asian Succeed in the consolidated statement of financial position. An incentive fee of HK$293,000 (2019: HK$1,000,000) and a provision for impairment of prepaid incentive fee of HK$118,000 (2019: HK$1,369,000) has been charged to the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2020.

(c) On 6 March 2019, the Group entered into an agreement with a related party to acquire the entire issued share capital of two target companies at a consideration of HK$42,000,000. A refundable deposit of HK$21,000,000 was paid by the Group upon the signing of the agreement. The acquisition was completed on 11 November 2019 (note 33).

(d) No ECL allowance was recognised for trade, bills and other receivables as at 31 March 2020 and 31 March 2019.

(e) The balance includes cheque in transit related to the exercise of options by respective option holders under the Share Option Scheme. Please refer to note 30(c) for more details.

The carrying amounts of trade, bills and other receivables, prepayments and deposits approximate their fair values.

The settlement terms of trade receivables, except for secured margin clients, arising from the business of dealing in securities are two days after trade date. In addition, the settlement terms of Hong Kong Securities Clearing Company Limited are two days after trade date. For the remaining trade receivables, the Group allows an average credit period of 90 days (2019: 150 days) to its trade customers of other business.

20. TRADE, BILLS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS *(Continued)*

No aging analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, and only fall due on conditions or on demand by the Group. The directors of the Company consider that an aging analysis does not give additional value in the view of the value of business of margin financing. At 31 March 2020 and 2019, the aging analysis of trade and bills receivables (except margin receivables) based on invoice date is as follows:

	2020 **HK$'000**	2019 HK$'000
1 to 30 days	**5,003**	4,058
31 to 60 days	**995**	1,035
61 to 90 days	**8,604**	3,861
Over 90 days	**9,542**	2,028
	24,144	10,982

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the ECL, these receivables have been grouped based on shared credit risk characteristics and the aging from billing.

The other classes within trade, bills and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. Other than margin receivables, the Group does not hold any collateral as security on its trade and bills receivables.

The carrying amounts of the trade, bills and other receivables, prepayments and deposits are denominated in the following currencies:

	2020 **HK$'000**	2019 HK$'000
US$	**23,393**	23,957
HK$	**58,066**	24,729
RMB	**1**	15
	81,460	48,701

21. LOAN AND INTEREST RECEIVABLES

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

As at 31 March 2020, all loan and interest receivables are not past due. All loan and interest receivables are matured within one year, based on maturity date, and denominated in HK$.

	2020 **HK$'000**	2019 HK$'000
Loan receivables	**31,900**	–
Interest receivables	**607**	–
	32,507	–
Less: Provision for ECL on loan and interest receivables — Stage 1 (note 7)	**(163)**	–
Loan and interest receivables, net of provision	**32,344**	–

Loan receivables are unsecured, interest bearing from 8%–20% per annum and repayable in fixed term agreed with customers. Interest receivables are unsecured, interest bearing from 0%–36% per annum for default interest and repayable in fixed term agreed with customers. The maximum exposure to credit risk at each of the reporting date is the carrying value of the loan and interest receivables mentioned above.

Further analysis on credit quality of loan and interest receivables are set out in note 35.4.

	Loan receivables HK$'000	**Interest receivables** HK$'000	**Total** HK$'000
Balance at 1 April 2019	–	–	–
New loan originated	31,900	607	32,507
Transfer to 12-month ECL (Stage 1)	(160)	(3)	(163)
Balance at 31 March 2020	31,740	604	32,344

For loans that are not credit-impaired without significant increase in credit risk since initial recognition ("**Stage 1**"), ECL is measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. If a significant increase in credit risk since initial recognition is identified ("**Stage 2**") but not yet deemed to be credit impaired, ECL is measured based on lifetime ECL. In general, when loans receivable or its related instalments are overdue by 30 days, there are significant increase in credit risk.

Directors consider that the fair values of loan and interest receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Non-current portion		
Equity securities	**7,243**	57,038
Current portion		
Equity securities	**–**	17,753

Financial assets at FVTPL comprise:

— Equity securities of HK$7,243,000 (2019: HK$57,038,000) which are held for long-term investment.

— Equity securities of HK$Nil (2019: HK$17,753,000) which are held for trading.

The fair value of financial assets at FVTPL are at level 1 of the financial value hierarchy (note 35.7). Information about the Group's exposure to price risk is provided in note 35.5.

23. CASH AND CASH EQUIVALENTS

	2020 HK$'000	2019 HK$'000
Cash at banks	**50,676**	52,213
Bank balance — trust (note (a))	**14,706**	–
Maximum exposure to credit risk	**65,382**	52,213
Cash on hand	**69**	71
Cash and cash equivalents per the consolidated statement of cash flows	**65,451**	52,284

Note:

(a) The Group maintains segregated trust accounts with a licensed bank to hold client's monies arising from its securities brokerage and margin financing business. The Group has classified the client's monies as bank balance — trust under the current assets of the consolidated statement of financial position and recognised the corresponding trade payables to the respective clients on the ground that it is liable for any loss or misappropriation of client's monies. The Group is restricted to use the client's monies to settle its own obligations and could only use the client's monies in accordance with the Hong Kong Securities and Futures (Client Money) Rules.

The cash and cash equivalents are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
HK$	**37,117**	25,968
US$	**28,196**	26,223
EUR	**84**	16
RMB	**54**	77
	65,451	52,284

24. SHARE CAPITAL

2020	**Number of ordinary shares**	**Nominal value of ordinary shares HK$**
Authorised share capital		
As at 31 March 2019 and 31 March 2020	**10,000,000,000**	**100,000,000**
Issued and fully paid		
As at 31 March 2019 and 1 April 2019	**1,123,800,000**	**11,238,000**
Issuance of ordinary share under Share Option Scheme (note (a))	**90,345,000**	**903,450**
As at 31 March 2020	**1,214,145,000**	**12,141,450**

2019	Number of ordinary shares	Nominal value of ordinary shares HK$
Authorised share capital		
As at 31 March 2018 and 31 March 2019	10,000,000,000	100,000,000
Issued and fully paid		
As at 31 March 2018 and 1 April 2018	1,000,000,000	10,000,000
Issuance of ordinary share under share placement (note (b))	123,800,000	1,238,000
As at 31 March 2019	1,123,800,000	11,238,000

Notes:

(a) On 31 March 2020, 90,345,000 shares were issued at subscription price from HK$0.425 to HK$0.500 to respective option holders (note 11) to their exercise of the option under the Share Option Scheme of the Company.

(b) On 1 June 2018, 123,800,000 shares were issued at subscription price of HK$0.485 by way of share placement. Net proceeds of HK$58,602,000 (net of professional fee of approximately HK$1,441,000) was received by the Company with HK$1,238,000 was credited to the share capital account and approximately HK$58,805,000 was credited to share premium account.

25. PROVISION FOR REINSTATEMENT COST, TRADE, BILLS AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade and bills payables	11,662	2,006
Trade payables to margin clients (note 25.1)	14,706	–
Contract liabilities	2,112	1,856
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	523	564
Other payables	5,603	3,458
	34,856	8,134
Less: Non-current portion		
Provision for reinstatement cost	(250)	(250)
	34,606	7,884

25.1. Trade payables to margin clients

	2020 HK$'000	2019 HK$'000
Trade payables from the business of dealing in securities:		
Current:		
— Trade payables — margin clients	118	–
— Trade payables — cash clients	14,588	–
	14,706	–

The directors of the Company considered that the fair values of trade payables to margin clients are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

No aging analysis of margin clients is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of this business.

25. PROVISION FOR REINSTATEMENT COST, TRADE, BILLS AND OTHER PAYABLES *(Continued)*

The carrying amounts of trade and bills payables, trade payables to margin clients and other payables approximate their fair values and are denominated in the following currencies:

	2020 **HK$'000**	2019 HK$'000
US$	**12,093**	570
HK$	**19,868**	4,867
RMB	**10**	27
	31,971	5,464

The Group was granted by its suppliers credit periods ranging from 30–60 days. Based on the invoice dates, the aging analysis of the trade and bills payables, other than trade payable to margin clients, were as follows:

	2020 **HK$'000**	2019 HK$'000
1 to 30 days	**723**	1,703
31 to 60 days	**2,189**	–
61 to 90 days	**976**	303
Over 90 days	**7,774**	–
Total trade and bills payables	**11,662**	2,006

26. SUBSIDIARIES

Details of the subsidiaries held by the Company as at 31 March 2020 and 2019 are as follows:

Name	**Place of incorporation and kind of legal entity**	**Country of operation**	**Principal activities and place of operation**	**Issued and fully paid share capital**	**Equity interest held as at 31 March 2020**	2019
Directly held						
Trinity Ally Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	US$1	**100%**	100%
Best Flight Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	US$1	**100%**	100%
Everlasting Win Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	US$1	**100%**	100%

26. SUBSIDIARIES *(Continued)*

Name	Place of incorporation and kind of legal entity	Country of operation	Principal activities and place of operation	Issued and fully paid share capital	Equity interest held as at 31 March 2020	2019
Indirectly held						
Seazon Pacific Limited	Hong Kong, limited liability company	Hong Kong	Sales of apparel products with the provision of supply chain management total solutions to customers	HK$10,000	**100%**	100%
Sureway ODM Limited	Hong Kong, limited liability company	Hong Kong	Sales of apparel products with the provision of supply chain management total solutions to customers	HK$10,000	**100%**	100%
Topper Alliance Holding Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	HK$10,000	**100%**	100%
雲裳衣貿易(深圳)有限公司	The PRC, limited liability company	The PRC	Sales of apparel products with the provision of supply chain management total solutions to customers	(note (a))	**100%**	100%
DL Securities (HK) Limited (note (b))	Hong Kong, limited liability company	Hong Kong	Provision of financial advisory services and securities brokerage business	HK$52,000,000	**100%**	N/A
DA Finance (HK) Limited (note (b))	Hong Kong, limited liability company	Hong Kong	Provision of equity pledge financing services and money lending services	HK$10,000	**100%**	N/A

Note:

(a) The authorised share capital is RMB1,000,000 and the share capital has not yet been paid as at 31 March 2019 and 31 March 2020.

(b) During the year, the Group acquired DL Securities and DA Finance from substantial shareholder. Further details of the acquisition are included in note 33 to the consolidated financial statements.

27. BANK BORROWINGS

	2020 HK$'000	2019 HK$'000
Current bank borrowings	**6,362**	1,500

At 31 March 2020, the bank borrowings were repayable within 1 year with the average interest rate per annum at 2.69% (2019: 2.93%). The exposure of the bank borrowings to interest rate changes and the contractual repricing dates at the end of the year were 6 months or less.

At 31 March 2020 and 31 March 2019, the bank borrowings were secured by corporate guarantee given by the Company and a subsidiary.

The carrying amounts of the bank borrowings were denominated in US$ (2019: HK$) and approximated their fair values.

28. LEASE LIABILITIES

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

	2020 HK$'000
Total minimum lease payments:	
Due within one year	**4,678**
Due in the second to fifth years	**288**
	4,966
Future finance charges on lease liabilities	**(84)**
Present value of lease liabilities	**4,882**

	2020 HK$'000
Present value of minimum lease payments:	
Due within one year	**4,594**
Due in the second to fifth years	**288**
	4,882
Less: Portion due within one year included under current liabilities	**(4,594)**
Portion due after one year included under non-current liabilities	**288**

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 March 2019 has not been restated. Details for transitions to HKFRS 16 are set out in note 3.

The Group has obtained the right to use of office and staff quarter through the tenancy agreements. The leases typically run on an initial period of one to two years. The Group makes fixed payments during the contract period.

During the year ended 31 March 2020, the total cash outflows for the leases are HK$5,642,000.

28. LEASE LIABILITIES *(Continued)*

Details of the lease activities

At 31 March 2020, the Group has entered into leases for the items listed as follows:

Types of right-of-use assets	Number of leases	Range of remaining lease term	Particulars
Residential premise	1	Within 1 year	Subject to monthly fixed payment
Office premises	2	0 to 2 years	Subject to monthly fixed payment

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

29. COMMITMENTS

At the reporting date, the lease commitments for short-term leases (2019: total future minimum lease payments payable by the Group under non-cancellable operating leases) are as follows:

	2020	2019
	HK$'000	HK$'000
Within one year	**4**	3,900
In the second to fifth year	**–**	3,742
	4	7,642

On 6 March 2019, the Group entered into an agreement with a related party to acquire the entire issued share capital of two target companies at a consideration of HK$42,000,000. A refundable deposit of HK$21,000,000 was paid by the Group upon the signing of the agreement. Upon the completion of the acquisition, the Group would be committed to pay the remaining consideration of HK$21,000,000. The acquisition was completed on 11 November 2019 (note 33).

The Group did not have any material capital commitments as at 31 March 2020.

30. CASH FLOW INFORMATION

(a) Net cash generated from/(used in) operations

	Notes	2020 HK$'000	2019 HK$'000
(Loss)/Profit before income tax		**(51,861)**	18,987
Adjustments for:			
Finance costs	12	**248**	125
Finance income	12	**(5)**	(292)
Share-based payment expense	11	**4,269**	9,694
Depreciation of property, plant and equipment	7	**924**	355
Depreciation of right-of-use assets	7	**4,210**	–
Dividend income		**(268)**	–
Provision for impairment of prepaid incentive fee	7	**118**	1,369
Amortisation of incentive fee	7	**293**	1,000
ECL of loan and interest receivables	7	**163**	–
Written off of property, plant and equipment	6	**754**	–
Fair value loss/(gain) on financial assets at FVTPL	6	**1,171**	(26,224)
Loss/(gain) on sales of financial assets at FVTPL	6	**38,100**	(11,529)
Operating loss before working capital changes		**(1,884)**	(6,515)
Changes in working capital:			
Trade, bills and other receivables, prepayments and deposits		**12,567**	42,186
Trade, bills and other payables		**16,440**	(14,988)
Interest receivables	21	**(607)**	–
Loan receivables	21	**(31,900)**	–
Cash (used in)/generated from operations		**(5,384)**	20,683

30. CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of liabilities from financing activities:

	Interest-bearing bank borrowings	Interest payable	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2018	8,336	–	–	8,336
Proceeds from short-term bank borrowings	10,000	–	–	10,000
Repayment of short-term bank borrowings	(16,836)	–	–	(16,836)
Interest paid	–	(125)	–	(125)
Interest arising from bank borrowing	–	125	–	125
At 31 March 2019	**1,500**	**–**	**–**	**1,500**
Impact on initial application of HKFRS 16 (note 3)	**–**	**–**	**6,938**	**6,938**
Proceeds from short-term bank borrowings	**10,465**	**–**	**–**	**10,465**
Addition in lease liabilities	**–**	**–**	**2,202**	**2,202**
Repayment of short-term bank borrowings	**(5,603)**	**–**	**–**	**(5,603)**
Capital element of lease rentals paid	**–**	**–**	**(4,258)**	**(4,258)**
Interest element of lease rentals paid	**–**	**–**	**(225)**	**(225)**
Interest paid	**–**	**(23)**	**–**	**(23)**
Interest arising from bank borrowing	**–**	**23**	**–**	**23**
Interest arising from lease liabilities	**–**	**–**	**225**	**225**
At 31 March 2020	**6,362**	**–**	**4,882**	**11,244**

(c) Non-cash transactions

For the year ended 31 March 2020, there was no significant non-cash transaction except for increase in share capital and share premium which was recognised as other receivables as at 31 March 2020 because of cheque in transit. The balance were subsequently settled (note 20) (2019: Nil).

31. CONTINGENT LIABILITIES

The Group did not has material contingent liabilities as at 31 March 2020 and 2019.

32. RELATED PARTY TRANSACTIONS

Details of the transactions between the Group and its related parties are summarised below.

(a) On 6 March 2019, Topper Alliance Holding Limited ("**Topper Alliance**"), an indirect wholly-owned subsidiary of the Company (as purchaser) and Mr. Chen (as vendor), who was the substantial shareholder of the Company entered into a sale and purchase agreement (the "**Agreement**"), pursuant to which the purchaser has agreed to acquire and the vendor has agreed to sell the entire share capital of DL Securities, a company licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and DA Finance, a company with money lender's licence (the "**Acquisition**").

The consideration of the Acquisition was HK$42 million and was completed on 11 November 2019. Pursuant to the Agreement, Mr. Chen irrevocably warrants and guarantees to Topper Alliance that the audited profit after tax of DL Securities and DA Finance will be not less than HK$6 million (the "**Guaranteed Profit**") for the financial year ending 31 December 2020 (the "**Guarantee Period**"). If during the Guarantee Period, the audited profit after tax of DL Securities and DA Finance is less than the Guaranteed Profit, Mr. Chen shall compensate Topper Alliance seven times of the shortfall on a dollar to dollar basis within fourteen days after the delivery of the audited accounts of DL Securities and DA Finance for the Guarantee Period in an amount calculated as follows: A = (Guaranteed Profit – actual profit) x 7 where A is the adjustment consideration for the profit guarantee. If DL Securities and DA Finance record an aggregate loss in its audited accounts for the Guarantee Period, the actual profit shall deem to be nil. If the actual profit exceeds the Guaranteed Profit, no adjustment consideration will be payable to Mr. Chen by either DL Securities and DA Finance or Topper Alliance.

Please refer to the Company's announcements on 6 March 2019, 7 August 2019, 9 September 2019 and 11 November 2019 and the circular of the Company dated 16 August 2019 for more details.

Save as disclosed elsewhere in the consolidated financial statements, there were no significant transactions with related parties during the year ended 31 March 2019 and 2020.

(b) Year end balance

On 6 March 2020, the Group entered into an agreement with Mr. Chen, a substantial shareholder of the Company to acquire the entire issued share capital of two target companies at a consideration of HK$42,000,000. A refundable deposit of HK$21,000,000 was paid by the Group upon the signing of the agreement. The acquisition was completed on 11 November 2019 (note 33).

	2020 **HK$'000**	2019 HK$'000
Refundable deposit paid to Mr. Chen (Note 20)	–	21,000

The above transaction was entered into on commercial terms determined and agreed by the Group and the relevant parties.

32. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensation

Key management includes directors (executive and non-executive), five highest paid individuals as disclosed in note 9 and note 10 and the other senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	2020 **HK$'000**	2019 HK$'000
Salaries, bonus and other short-term employee benefits	**7,596**	6,964
Share-based payment expenses	**2,477**	1,575
Reversal of provision for unutilised annual leave	**–**	(28)
Pension costs — defined contribution plans	**96**	94
	10,169	8,605

33. BUSINESS COMBINATIONS

Subsidiaries acquired

2020	**Principal activities and place of operation**	**Date of acquisition**	**Proportion of shares acquired**	**Consideration transferred**
DL Securities	Provision of financial advisory services and securities brokerage business	11 November 2019	100%	HK$41,780,000
DA Finance	Provision of equity pledge financing services and money lending services	11 November 2019	100%	HK$220,000
				HK$42,000,000

DL Securities and DA Finance were acquired so as to continue the expansion of the Group's financial services business.

DL Securities

On 6 March 2019, Topper Alliance, entered into the Agreement pursuant to which Topper Alliance has conditionally agreed to acquire, and Mr. Chen, a substantial shareholder of the Company, has conditionally agreed to sell the entire share capital of DL Securities for a cash consideration of approximately HK$41,780,000.

DL Securities is licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. In addition, DL Securities is engaged in providing services of securities broking, margin financing and corporate finance in Hong Kong. The acquisition of DL Securities was completed on 11 November 2019.

33. BUSINESS COMBINATIONS *(Continued)*

Subsidiaries acquired *(Continued)*

DL Securities *(Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of DL Securities as at the date of the Acquisition were as follows:

	Pre-acquisition carrying amounts HK$'000	Fair value adjustments HK$'000	Recognised values on acquisition HK$'000
Property, plant and equipment (note 16)	1,425	–	1,425
Intangible asset — SFC license Types 1, 4 and 6 (note 18)	–	11,748	11,748
Right-of-use assets (note 17)	1,335	–	1,335
Trade, bills and other receivables, prepayments and deposits	18,000	–	18,000
Cash and cash equivalents	13,049	–	13,049
Trade and other payables	(2,689)	–	(2,689)
Lease liabilities	(1,363)	–	(1,363)
Net assets acquired	29,757	11,748	41,505
Goodwill arising on acquisition:			
Cash consideration transferred			41,780
Fair value of identifiable net assets acquired			(41,505)
			275
Net cash outflow arising on acquisition of a subsidiary:			
Cash consideration paid			(41,780)
Cash and cash equivalents acquired			13,049
			(28,731)

DA Finance

On 6 March 2019, Topper Alliance entered into the Agreement pursuant to which Topper Alliance has conditionally agreed to acquire, and Mr. Chen, a substantial shareholder of the Company, has conditionally agreed to sell the entire share capital of DA Finance for a cash consideration of approximately HK$220,000.

DA Finance is a private company incorporated in Hong Kong and principally engaged in the business of equity pledge financing and money lending. The acquisition of DA Finance was completed on 11 November 2019.

33. BUSINESS COMBINATIONS *(Continued)*

Subsidiaries acquired *(Continued)*

DA Finance *(Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of DA Finance as at the date of the Acquisition were as follows:

	Pre-acquisition carrying amounts HK$'000	Fair value adjustments HK$'000	Recognised values on acquisition HK$'000
Debtors, deposits and other receivables	7,167	–	7,167
Intangible asset — Money lending license (note 18)	–	500	500
Cash and cash equivalents	48	–	48
Other payables	(7,593)	–	(7,593)
Net assets acquired	(378)	500	122
Goodwill arising on acquisition:			
Cash consideration transferred			220
Fair value of identifiable net assets acquired			(122)
			98
Net cash outflow arising on acquisition of a subsidiary:			
Cash consideration paid			(220)
Cash and cash equivalents acquired			48
			(172)

The net cash outflow in relation to the acquisition is HK$28,903,000. Deposit of HK$21,000,000 was paid during the year ended 31 March 2019. The net cash outflow during the year ended 31 March 2020 was HK$7,903,000.

Profit guarantee

Pursuant to the Agreement, Mr. Chen irrevocably warrants and guarantees to Topper Alliance that the audited profit after tax of DL Securities and DA Finance will be not less than the Guaranteed Profit during the Guarantee Period. If during the Guarantee Period, the audited profit after tax of DL Securities and DA Finance is less than the Guaranteed Profit, Mr. Chen shall compensate Topper Alliance seven times of the shortfall on a dollar to dollar basis within fourteen days after the delivery of the audited accounts of DL Securities and DA Finance for the Guarantee Period in an amount calculated as follows: A = (Guaranteed Profit - actual profit) x 7 where A is the adjustment consideration for the profit guarantee. If DL Securities and DA Finance record an aggregate loss in its audited accounts for the Guarantee Period, the actual profit shall deem to be nil. If the actual profit exceeds the Guaranteed Profit, no adjustment consideration will be payable to Mr. Chen by either DL Securities and DA Finance or Topper Alliance.

Impact of acquisitions on the result of the Group

Included in the loss for the year is profit of approximately HK$3,876,000 attributable to the additional business generated by DL Securities, and profit of approximately HK$288,000 attributable to DA Finance. Revenue for the year includes approximately HK$12,909,000 in respect of DL Securities and approximately HK$607,000 in respect of DA Finance.

If the Acquisition had occurred on 1 April 2019, the Group's revenue would have been approximately HK$262,387,000 and loss for the year would have been approximately HK$48,930,000 for the year ended 31 March 2020. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the Acquisition been completed on 1 April 2019, nor is it intended to be a projection of future results.

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current asset			
Investment in subsidiaries		**31,485**	31,485
Current assets			
Amounts due from subsidiaries		**49,080**	53,603
Other receivables, prepayments and deposits		**41,829**	259
Cash and cash equivalents		**483**	1,005
		91,392	54,867
Total assets		**122,877**	86,352
LIABILITIES			
Current liabilities			
Other payables and accruals		**1,036**	582
Total liabilities		**1,036**	582
EQUITY			
Equity attributable to owners of the Company			
Share capital		**12,142**	11,238
Other reserves	a	**160,072**	115,137
Accumulated losses	a	**(50,373)**	(40,605)
Total equity		**121,841**	85,770
Total equity and liabilities		**122,877**	86,352

The statement of financial position of the Company was approved by the board of Directors on 26 June 2020 and was signed on its behalf.

Ms. Jiang Xinrong	**Mr. Chen Ningdi**
Executive Director	*Executive Director*

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Note:

(a) Reserve movement of the Company

	Accumulated losses HK$'000	Other reserves HK$'000	Share options reserve HK$'000
As at 1 April 2018	(26,125)	33,176	5,343
Share options issued	–	–	9,694
Loss for the year	(14,480)	–	–
Issuance of shares under share placement (note 24(b))	–	58,805	–
Contribution to a subsidiary	–	8,119	–
As at 31 March 2019 and 1 April 2019	(40,605)	100,100	15,037
Share options issued	–	–	4,269
Loss for the year	(9,768)	–	–
Issuance of shares under Share Option Scheme (note) (note 24(a))	–	52,420	(11,754)
As at 31 March 2020	(50,373)	152,520	7,552

Note: On 31 March 2020, 90,345,000 shares were issued at subscription price from HK$0.425 to HK$0.500 to respective option holders (note 11) to their exercise of the option under the Share Option Scheme of the Company.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

35.1 Categories of financial assets and financial liabilities

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

	2020 HK$'000	2019 HK$'000
Assets as per consolidated statement of financial position		
Financial assets at amortised cost:		
— Trade, bills and other receivables	**75,642**	13,195
— Loan and interest receivables	**32,344**	–
— Bank balance — trust	**14,706**	–
— Cash and cash equivalents	**50,745**	52,284
Financial assets at FVTPL:		
— Equity securities	**7,243**	74,791
Total	**180,680**	140,270

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.1 Categories of financial assets and financial liabilities *(Continued)*

	2020 HK$'000	2019 HK$'000
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
— Trade, bills and other payables	**31,971**	5,464
— Bank borrowings	**6,362**	1,500
— Lease liabilities	**4,882**	–
Total	**43,215**	6,964

35.2 Foreign currency risk

Transactions in foreign currencies and the Group's risk management policies

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities, primarily with respect to the HK$, RMB and Euro dollar ("**EUR**"). Any changes in the exchange rates of HK$ and EUR to US$ will impact the Group's operating results.

As HK$ is pegged to US$, foreign exchange exposure on HK$ denominated transactions, assets or liabilities is considered as minimal. The volume of EUR and RMB denominated transactions and amounts of EUR and RMB denominated assets and liabilities are low, the foreign exchange risk is considered as insignificant as at 31 March 2020 and 2019. The Group currently does not undertake any foreign currency hedging as at 31 March 2020 and 2019.

35.3 Interest rate risk

The Group is exposed to the cash flow interest risk in relation to variable interest bearing assets.

Bank deposits and bank borrowings

The Group's interest risk arises from bank deposits and bank borrowings as at 31 March 2020 and 2019 which carried at variable rates. Management considered that the interest rates on bank deposits and bank borrowings will not be changed up to 10 basis-points with all other variables held constant and the effect of such changes in interest rate on post-tax profit was not material to the Group for the year ended 31 March 2020 and 2019.

Trade receivables from margin clients

The Group's cash flow interest risk arising from trade receivables from margin clients is mainly relating to the fluctuation of Hong Kong prime rate (the "**prime rate**"). The Group's exposure to variable interest rates on trade receivables from margin clients are detailed below.

	2020 HK$'000	2019 HK$'000
Assets:		
— Trade receivables from margin clients	**7,712**	–

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.3 Interest rate risk *(Continued)*

Trade receivables from margin clients *(Continued)*

The sensitivity analysis below have been determined based on the exposure to variable interest rates at the end of the reporting period. The analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2019: HK$Nil) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 31 March 2020, if the interest rate of trade receivable from margin clients had been 100 (2019: HK$Nil) basis point higher/lower, the Group's loss for the year would decrease/increase by approximately HK$77,000 (2019: HK$Nil).

35.4 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from financial assets including bank balance-trust, cash and cash equivalents held at banks, trade, bills and other receivables, and loan and interest receivables.

The Group's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 35.1.

The exposures to credit risk are monitored by the management such that any outstanding debtors are reviewed and followed up on an ongoing basis. The Group's policy is to deal only with creditworthy counterparties. The management closely monitors all outstanding debts and reviews the collectability of the receivables periodically.

Bank balance-trust and cash and cash equivalents held at banks

In respect of bank balance-trust and cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, ECL rate of cash at bank is assessed to be insignificant and no provision was made as of 31 March 2020 and 2019.

Trade and bills receivables (excluding margin financing)

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime ECL provision for trade and bills receivables (excluding margin financing). To measure the ECL, trade and bills receivables (excluding margin financing) have been grouped based on shared credit risk characteristics and the days past due.

The Group has performed historical analysis and identified the key economic variables that may potentially impact the credit risk and ECL of its receivables on a forward-looking basis. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified payment pattern, creditworthiness, the past collection history of each customer, the probability of insolvency or significant financial difficulties of the counterparty and default or significant delay in payments to be most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

As at 31 March 2020, in respect of trade and bills receivables (excluding margin financing), the Group is exposed to concentration of credit risk to the extent that HK$22,518,000 (2019: HK$8,354,000) of trade and bills receivables (excluding margin financing) is attributable to the top 5 customers. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group requires customers to use letters of credit to settle their balances and also enters into credit insurance policy for certain trade and bills receivables with a bank to mitigate the credit risk with a coverage of HK$5,595,000 (2019: HK$5,251,000) out of the total trade receivables balance.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.4 Credit risk *(Continued)*

Trade and bills receivables (excluding margin financing) *(Continued)*

On that basis, management has assessed that the ECL allowance as at 31 March 2020 and 31 March 2019 for trade receivables (excluding margin financing) is insignificant.

Trade and bills receivables (excluding margin financing) are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due. ECL on trade and bills receivables (excluding margin financing) are presented as net ECL within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Trade receivables from margin clients

The Group measures the ECL allowance for trade receivables from margin clients equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition. The credit risk on trade receivables from margin clients are limited because significant amount of trade receivables from margin clients are secured by the pledged securities and the counterparties have no historical default record and the directors expect that the general economic conditions will not significantly changed for the 12 months' after the reporting date.

As at 31 March 2020, the carrying amounts of trade receivables from margin clients amounted to approximately HK$7,712,000 (2019: Nil) and no ECL (2019: No ECL) is recognised. All balances are categorised in Stage 1 12-month ECL with no movement from/to other stages during the year.

Loan and interest receivables

The Group measures ECL allowance under HKFRS 9 ECL model. The measure of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

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

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

The key inputs used for measuring ECL are:

- Probability of default ("**PD**");
- Loss given default ("**LGD**"); and
- Exposure at default ("**EAD**").

These figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.4 Credit risk *(Continued)*

Loan and interest receivables *(Continued)*

Elements of the ECL model that are considered accounting judgements and estimates include:

- The Group's estimation of PD to individual group;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- Development of ECL model, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, LGD and collateral recovery of the credit exposures;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as delinquency ratios and collateral values, and the effect on PD, EAD and LGD; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The Group categorises the credit quality of its loan and interest receivables according to 3 different stages under the ECL model:

- Stage 1: financial assets without significant increase in credit risk since initial recognition where ECL allowance is calculated based on 12-month ECL
- Stage 2: financial assets with significant increase in credit risk since initial recognition where ECL allowance is calculated based on lifetime ECL
- Stage 3: credit impaired assets where ECL allowance is calculated based on lifetime ECL

Significant increase in credit risk

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

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.4 Credit risk *(Continued)*

Loan and interest receivables *(Continued)*

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

- significant deterioration in external market indicators of credit risk, e.g. a significant decrease in credit rating of the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtors' ability to meet its debt obligations.

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

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the ECL allowance based on lifetime rather than 12-month ECL.

The Group collects performance and default information about its credit risk exposures and analyses all data collected using statistical model and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as delinquency rate on residential mortgage and residential property price index. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly and the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

The Group has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case the asset may move back to Stage 1 from Stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.4 Credit risk *(Continued)*

Loan and interest receivables *(Continued)*

Default and credit-impaired

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative indicators are taken into account in determining the risk of default occurring:

- probable bankruptcy entered by the borrowers; and
- death of the debtor.

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

The Group uses internal and external information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies.

The Group uses multiple scenarios to model the nonlinear impact of assumptions about macroeconomic factors on ECL. The Group applies probabilities to the forecast scenarios identified.

In applying the forward-looking information and probabilities to the forecast scenario identified for assessing the ECL as at 31 March 2020, the Group has taken into account the possible impacts associated with the persistent social unrests, COVID-19 and the overall change in economic environment.

The credit quality classification of loan receivables and their respective interest receivables using the Group's ECL model is set out in the table below:

	Stage 1 **12-month ECL** **31 March 2020** HK$'000
Loan receivables	31,900
ECL allowance	(160)
Net loan receivables	31,740
Interest receivables	607
ECL allowance	(3)
Net interest receivables	604
Total net loan and interest receivables	32,344

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.4 Credit risk *(Continued)*

Loan and interest receivables *(Continued)*

The movement in the ECL allowance of loan receivables and their respective interest receivables is as follows:

	2020
	HK$'000
Balance at 1 April	–
ECL allowance recognised during the year	163
Balance at 31 March	163

Sensitivity analysis

The ECL allowance is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, economic scenario weighting and other factors considered when applying expert judgment. Changes in these inputs, assumptions and judgments impact the assessment of significant increase in credit risk and the measurement of ECL allowance.

The following table shows the impact on ECL allowance on loan and interest receivables as at 31 March 2020 by changing individual input.

Change in input on ECL model	**Impact on ECL allowance on loan and interest receivables**
— Assuming a further 10% weighting added to the probability of the optimistic scenario and a corresponding 10% weighting reduction in the base scenario	— Decrease by HK$14,000
— Assuming a further 10% weighting added to the probability of the pessimistic scenario and a corresponding 10% weighting reduction in the base scenario	— Increase by HK$14,000

Concentration on credit risk

There are six customers as at 31 March 2020 with loan and interest receivables. Five of them are individually accounted for more than 10% of loan receivables. They are aggregately accounted for 95.6% of loan receivables.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and deposits. In order to minimise the credit risk, the management makes periodic collective and individual assessment on their recoverability based on historical settlement records, past experience and available forward-looking information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of other receivables and deposits are considered to be low.

Besides, the management is of opinion that there is no significant increase in credit risk on these other receivables since initial recognition as the risk of default is low after considering the factors as set out in note 2.8.

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.5 Price risk

The Group is exposed to equity price risk mainly arising from investments held by the Group that are classified in the consolidated statement of financial position as financial assets at FVTPL (note 22).

To manage its price risk arising from investment in equity securities, the Group closely monitors the financial performance of each investee company.

The Group's equity investments are publicly traded in the Stock Exchange.

At 31 March 2020, if the equity securities prices increase/decrease by 5% with all other variables held constant, the Group's loss before tax for the year will be HK$362,000 lower/higher (2019: profit before tax for the year would be HK$3,740,000 higher/lower) as a result of gains/losses on equity securities classified as financial assets at FVTPL.

35.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade, bills and other payables, lease liabilities and bank borrowings, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed funding to meet its liquidity requirements in its short and longer-term. The directors of the Company is satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The Group is exposed to liquidity risk in respect of settlement of recognised financial liabilities as summarised in note 35.1, and also in respect of its cash flow management. The Group's policy is to maintain an appropriate level of liquid assets to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year or repayable on demand	**More than 1 year**	**Total undiscounted cash flow**	**Carrying amount**
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2020				
Trade, bills and other payables	**31,971**	**–**	**31,971**	**31,971**
Bank borrowings	**6,362**	**–**	**6,362**	**6,362**
Lease liabilities	**4,678**	**288**	**4,966**	**4,882**
	43,011	**288**	**43,299**	**43,215**
As at 31 March 2019				
Trade, bills and other payables	5,464	–	5,464	5,464
Bank borrowings	1,500	–	1,500	1,500
	6,964	–	6,964	6,964

35. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS *(Continued)*

35.7 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value for the years ended 31 March 2020 and 2019 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices, and not using significant unobservable inputs (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	**Level 2**	**Level 3**
	HK$'000	**HK$'000**	**HK$'000**
As at 31 March 2020			
Financial assets at fair value through profit or loss			
— Equity securities	**7,243**	**–**	**–**

	Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000
As at 31 March 2019			
Financial assets at fair value through profit or loss			
— Equity securities	74,791	–	–

There were no transfers among levels 1, 2 and 3 during the years ended 31 March 2020 and 2019.

The fair value of the financial assets at FVTPL is based on quoted market prices at the end of the reporting period.

The carrying amounts of the Group's other financial assets and liabilities including bank balance-trust, cash and cash equivalents, trade, bills and other receivables and deposits, loan and interest receivables, trade, bills and other payables, lease liabilities and bank borrowings approximate their fair values due to their short maturities or the impact of discounting is not significant.

36. CAPITAL MANAGEMENT

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholder returns.

For capital management purpose, the directors of the Company regard the total equity presented on the consolidated statement of financial position as capital.

The Group is not subject to any externally imposed capital requirements except for a subsidiary engaged in securities broking services, placing and underwriting services, investment advisory services and asset management services which are regulated entities under the SFC and subject to the respective minimum capital requirements. The subsidiaries monitor the liquid capital on a daily basis to ensure fulfilment of the minimum and notification level of the liquid capital requirements under the SFO.

37. EVENTS AFTER THE REPORTING PERIOD

(a) The outbreak of COVID-19

After the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country and region. As required by the local government, certain provinces in the PRC have extended holidays and resumed operation up to the date of these financial statements. The Group will pay close attention to the development of the outbreak of COVID-19 and evaluate its impact on the financial position and operating results of the Group. It is expected that the effect of the outbreak of COVID-19 would be reflected in the financial year ending 31 March 2021.

(b) Allotment of new shares on 18 May 2020 pursuant to the exercise of share options

In May 2020, the Group has allotted 51,238,000 shares pursuant to the exercise of share options under Share Option Scheme by grantees other than directors at the exercise prices of HK$0.425 to HK$0.482. The Group has allotted 11,238,000 shares pursuant to the exercise of share options under Share Option Scheme by director at an exercise price of HK$0.476.

(c) Setting up new fund

The Group is actively expanding its financial advisory and investment portfolio in order to strengthen its brand recognition and market exposure, as well as to produce additional and stable income streams to diversify risks and to increase shareholders' return. In May 2020, DJT Partners Limited, the Group's wholly-owned subsidiary, has subscribed for and holds all the management shares of a private fund incorporated in the Cayman Islands. Please refer the Company's announcement dated 14 May 2020 for more details.

(d) Proposed subscription of shares for Carmel Reserve LLC (the "Target Company")

In June 2020, the Company entered into a non-legally binding memorandum of understanding with the Target Company and intends to subscribe of not more than 28.5% of the issued share capital in the Target Company. The Target Company is indirectly wholly-owned by DLC Capital Partners I, L.P., a fund for which the general partner is ultimately controlled by Ms. Jiang, the Chairman and executive director and Mr. Chen, the executive director and chief executive officer of the Company. As such, the Target Company is a connected person of the Company. The preliminary post-money valuation on the enterprise value of the Target Company is US$35,000,000. The consideration for the proposed subscription is expected to be US$5,000,000, which shall be subject to further negotiations between the Company and the Target Company and be determined by reference to the final valuation report. The consideration is expected to be satisfied by a combination of cash and the issuance of promissory note(s) by the Company.

38. COMPARATIVE FIGURES

Certain comparative figures in these consolidated financial statements were reclassified to confirm the current year's presentation.

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets, equity and liabilities of the Group for the last five financial years is as follows.

	Year ended 31 March				
RESULTS	**2020**	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**226,391**	186,519	279,382	206,219	155,933
(Loss)/profit before income tax expense	**(51,861)**	18,987	20,706	30,501	7,721
Income tax credit/(expense)	**452**	(305)	(5,018)	(5,358)	(3,582)
(Loss)/profit for the year	**(51,409)**	18,682	15,688	25,143	4,139

	As at 31 March				
ASSETS AND LIABILITIES	**2020**	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	**181,375**	119,914	110,854	84,877	45,444
Non-current assets	**29,739**	60,542	4,841	6,032	7,000
Total assets	**211,114**	180,456	115,695	90,909	52,444
Current liabilities	**45,562**	9,384	33,042	29,287	15,965
Non-current liabilities	**538**	250	250	250	250
Total liabilities	**46,100**	9,634	33,292	29,537	16,215
Net assets	**165,014**	170,822	82,403	61,372	36,229
EQUITY					
Equity attributable to owners of the Group	**165,014**	170,822	82,403	61,372	36,229

Note:

The summary above does not form part of the audited consolidated financial statements.