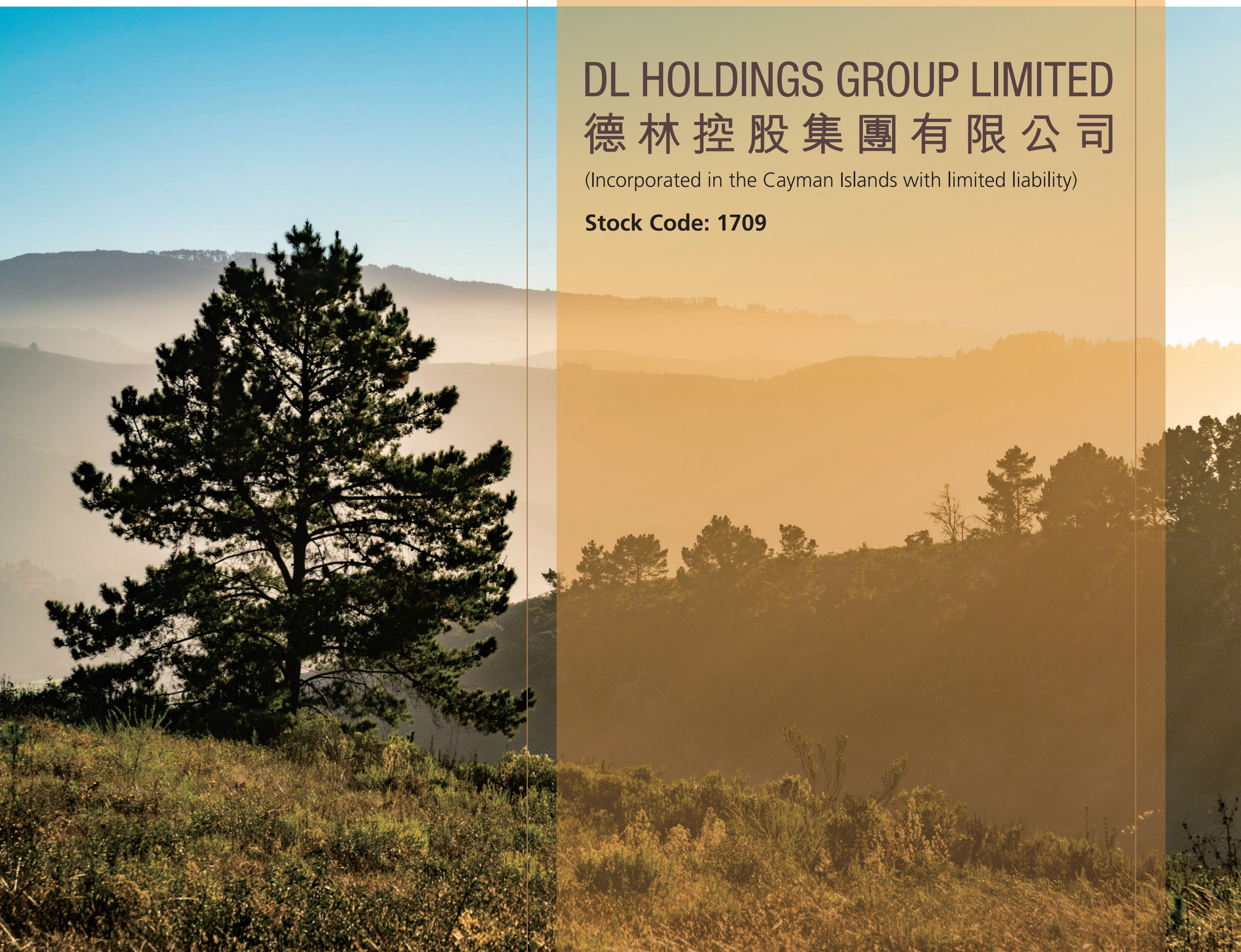
德林控股
DL HOLDINGS

DL HOLDINGS GROUP LIMITED
德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1709



2020/2021 Annual Report

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CORPORATE INFORMATION

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

Unit 2902, Vertical Square
28 Heung Yip Road
Wong Chuk Hang
Hong Kong
(with effect from 30 October 2020)

COMPANY'S WEBSITE

https://www.dlglobalholdings.com

EXECUTIVE DIRECTORS

Ms. Jiang Xinrong *(Chairman)*
Mr. Chen Ningdi *(Chief executive officer)*

NON-EXECUTIVE DIRECTORS

Mr. Chan Kwun Wah Derek
Mr. Li Ren

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chang Eric Jackson
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)
Mr. Liu Chun *(Appointed with effect from 22 April 2020)*

COMPANY SECRETARY

Ms. Chin Ying Ying, CPA

AUTHORISED REPRESENTATIVES

Mr. Chen Ningdi
Ms. Chin Ying Ying

AUDIT COMMITTEE

Mr. Chang Eric Jackson *(Chairman)*
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)
Mr. Liu Chun

REMUNERATION COMMITTEE

Mr. Chang Eric Jackson *(Chairman)*
Ms. Jiang Xinrong
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)

NOMINATION COMMITTEE

Ms. Jiang Xinrong *(Chairman)*
Mr. Chang Eric Jackson
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)

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

Bank of Communications (Hong Kong) Limited
20 Pedder Street, 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 2021 (the "**Reporting Period**").

BUSINESS REVIEW

During the Reporting Period, the Group recorded a revenue of approximately HK$426.6 million representing an increase of approximately 88.4% compared to that of the year ended 31 March 2020; and a total comprehensive income attributable to the owners of the Company of approximately HK$200.8 million, representing a turnaround from a total comprehensive loss attributable to the owners of the Company of approximately HK$51.4 million.

Our financial services of licensed business and money lending services business which commenced in November 2019 had demonstrated a substantial growth and became the major revenue contributor regardless of the COVID-19 pandemic, mainly attributable to our strong organic growth in the provision of financial services of licensed business including financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services, and provision of money lending services (together, the "**Financial Services Businesses**"). Revenue derived from the Financial Services Businesses during the Reporting Period amounted to approximately HK$288.2 million, which made up approximately 67.6% of the total revenue in the Group, and the increase in revenue derived from the Financial Services Businesses totally offset the plummet in the revenue derived from the apparel business.

The outbreak of COVID-19 had repercussion for not just our Group's apparel business development, but for the entire world. The impact of the pandemic had put our business in sales of apparel products under pressure, resulting in a decline in segment revenue in the Reporting Period when compared to the year ended 31 March 2020.

The success of the Financial Services Businesses was proven by the level of profits brought to the Group despite the challenging business environment in the Reporting Period, and the Financial Services Businesses played an extremely vital role in diversifying risks and expanding income streams to the Group. Thus, our Group managed to maintain and even generate sustainable growth and returns to the shareholders of the Company (the "**Shareholders**").

FUTURE OUTLOOK

The financial services business was able to grow considerably during the Reporting Period. It has proven to be a key revenue driver of the Group under the difficult and uncertain economic outlook. Given the homecoming listings of China concepts stocks, the financial industry in Hong Kong has shown more promising growth. With our outstanding management and seasoned professionals, the Group is well positioned to grasp development opportunities to expand business portfolio in order to continue to improve service quality, reduce operating costs and maximise returns for Shareholders.

Overall, in the face of the complex international economic and social situation, the Group will focus more on the construction and maintenance of a friendly-activist investment platform. Looking forward, the Group is optimistic that the financial services business will continue to contribute as a significant revenue driver to the Group. The Group will continue to strengthen the sales and distribution network and identify business partners in respect of the financial services business to expand its financial advisory services, securities research, referral services, securities trading and brokerage services, margin financing services and investment management and advisory services, so as to enhance its income streams with an aim to drive sustainable growth of the Group. The Group has acquired an investment manager in Cayman Islands and an investment manager in Singapore and will further develop its asset management services by obtaining the license for type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Group has incorporated 18 limited partnership funds in Hong Kong which mainly invests in private equities subsequent to the end of the Reporting Period. The Group will also expand the wealth management services by utilising the alternative investments platform and family office platform.

CHAIRMAN'S STATEMENT

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, 24 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Following the acquisition of DL Securities (HK) Limited ("**DL Securities**") and DA Finance (HK) Limited ("**DA Finance**"), the Group marched into the industry of financial services. During the Reporting Period, despite the uncertainties cast on the global economic prospect by the outbreak of COVID-19, the Group is expanding its financial services of licensed business, including, financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services, and money lending services, (the "**Financial Services Businesses**") rapidly. During the Reporting Period, the Group recorded significant increase in revenue by approximately 88.4% to approximately HK$426.6 million (2020: HK$226.4 million). Driven by the increase in revenue, gross profit increased dramatically by approximately 702.5% to approximately HK$245.5 million (2020: HK$30.6 million), and the Group recorded a total comprehensive income attributable to the owners of the Company of approximately HK$200.8 million, achieving a turnaround from total comprehensive loss attributable to the owners of the Company of approximately HK$51.4 million in the year ended 31 March 2020.

Provision of financial services of licensed business

The financial services provided by the licensed business of the Group include financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services.

The financial advisory services provided by the Group include advising clients on corporate finance. During the Reporting Period, the Group has provided financial advisory services to its clients from different industry sectors, including communications, industrial, consumer, technology and financial sectors, of which approximately 82% are companies listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The securities research services include conducting research by the in-house analysts of the Group and producing research reports for clients of our securities trading and brokerage and margin financing services.

The securities trading and brokerage services include trading securities on behalf of clients. As at 31 March 2021, the Group has 197 securities brokerage clients. During the Reporting Period, the transaction amount for the securities trading and brokerage services amounted to approximately HK$4,518 million. As at 31 March 2021, the total customer asset size for brokerage services amounted to approximately HK$2,275 million.

The margin financing business includes provision of stock-secured financing for retail, corporate and high-net-worth clients who need financing to purchase securities. As at 31 March 2021, the loan receivables from margin financing services amounted to approximately HK$33.4 million.

The referral services includes (a) advising, sourcing and referring investment targets and/or investors to institutional funds; (b) connecting projects with clients and buyers with clients; and (c) coordinating, advising on and executing fundraising projects. During the Reporting Period, the Group mainly provided referral services to financial sector clients.

The investment management services include managing the investment portfolio and asset allocation of offshore funds. During the Reporting Period, the Group had acquired a licensed entity in the Cayman Islands ("**Cayman Investment Manager**") and a licensed entity in Singapore ("**Singapore Investment Manager**") engaging in provision of investment management services, and the management fees charged by the Cayman Investment Manager and the Singapore Investment Manager contributed to the revenue of the Group during the Reporting Period. The investment advisory services include providing securities advisory services to clients. As at 31 March 2021, the assets under investment management and assets subject to investment advisory services of the Group were approximately HK$4,167 million. During the Reporting Period, the service fees charged by the Group for managing the assets under investment management amounted to approximately HK$128.6 million.

For the year ended 31 March 2021, the segment revenue for provision of financial services of licensed business was approximately HK$288.2 million (2020: HK$12.9 million) and segment profit was approximately HK$178.2 million (2020: HK$3.9 million).

MANAGEMENT DISCUSSION AND ANALYSIS

The significant increase in segment revenue and segment profit was attributable to the first full year operation and expansion of the financial services of licensed business, in particular, by the service fees of approximately HK$128.6 million recognised as a result of the acquisition of the Cayman Investment Manager and the placing commission of approximately HK$72.4 million for the year ended 31 March 2021.

Provision of money lending services

The Group's money lending business mainly targets customers who wish to obtain trade financing.

During the Reporting Period, the segment revenue for provision of money lending services was approximately HK$4.9 million (2020: HK$0.6 million) and segment profit was approximately HK$2.3 million (2020: HK$0.3 million). The increase in segment revenue and segment profit was attributable to an increase in loan receivables from money lending services to approximately HK$92.8 million as at 31 March 2021 (31 March 2020: HK$31.9 million), resulting in an increase in interest received or accrued.

Provision of asset management services

In May 2020, DJT Partners Limited, the Group's wholly-owned subsidiary, has subscribed for and holds all the management shares of a fund incorporated in the Cayman Islands.

During the Reporting Period, the segment profit for provision of asset management services was approximately HK$44.9 million (31 March 2020: Nil). The increase in segment profit was primarily attributable to the fair value gain on the investment of the financial assets at fair value through profit or loss.

Sales of apparel products with the provision of supply chain management total solutions to customers

The sale of apparel products business includes selling apparels and sourcing suppliers and third-party manufacturers to produce apparels that meet the requirements of the customers of the Group ("**Sale of Apparel Products Business**") and the supply chain management total solutions business (together with the Sale of Apparel Products Business, the "**Apparel Business**") include market trend analysis, design and product development, sourcing, production management, quality control and logistics services.

During the Reporting Period, the Group explored business opportunities with e-commerce customers and Direct to Consumer (D to C) model brands by selling apparels products to them and arranging the delivery of goods from factory to customer distribution centers of clients or from factory directly to final customers of clients.

Given the global business environment of the Apparel Business remained challenging due to the COVID-19 outbreak, global economic uncertainty and international trade conflict, particularly the US-China trade conflicts, and the retail industry in the Americas had proven to be increasingly difficult with several well-known and established retailers as well as other independent retailers closing down operations in the United States in 2018, the Group saw a decrease in the sales order from its customers in Europe, America and Middle East regions for the Reporting Period, whereas the sales orders from its customers in the Asia Pacific region recorded an increase as (i) the region was less affected by COVID-19 Pandemic and international trade conflict; and (ii) new orders from customers with e-commerce focus and Direct to Consumer (D to C) model brands has partially off-set the impact of the decrease in demand of apparel products from traditional brick-to-motor clients.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group reported revenue of approximately HK$426.6 million, representing an increase of approximately 88.4% from approximately HK$226.4 million for the year ended 31 March 2020. The significant increase was mainly attributable to the increase in revenue contributed by the Financial Services Businesses and was offset, to some extent, by the decrease in the segment revenue of the Apparel Business.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the provision of financial services of licensed business, money lending business and the Apparel Business contributed segment revenue of approximately HK$288.2 million, HK$4.9 million and HK$133.5 million respectively, and the provision of financial services of licensed business has become the major revenue contributor during the Reporting Period.

During the Reporting Period, the segment revenue of the provision of financial services of licensed business increased to approximately HK$288.2 million from approximately HK$12.9 million for the year ended 31 March 2020, which represents an increase of approximately 2,132.7%. It was mainly attributable to the first full year of operation and in the diversified income stream arising from the management fees of the Cayman Investment Manager of approximately HK$128.6 million and the placing commission of HK$72.4 million.

During the Reporting Period, the segment revenue of the money lending services increased to approximately HK$4.9 million from approximately HK$0.6 million for the year ended 31 March 2020, which represents an increase of approximately 700.3%. It was mainly attributable to the increase in interest received or accrued from the increase in loan receivables.

During the Reporting Period, the segment revenue for the Apparel Business decreased to approximately HK$133.5 million from approximately HK$212.9 million for the year ended 31 March 2020, representing a decrease of approximately 37.3% and segment loss was approximately HK$5.5 million. The Apparel Business continues to suffer from challenges in the global business environment and fierce competition under the outbreaks of COVID-19 and international trade conflicts.

Cost of sales/services

The Group's cost of sales/services primarily consists of cost of goods sold from the Apparel Business and cost of services from Financial Services Businesses. The cost of goods sold from the Apparel Business mainly consists of (i) fees charged by third-party manufacturers and (ii) cost of raw materials occasionally purchased by the Group and passed to third-party manufacturers for their production of salesman samples, and the costs of services from the Financial Services Businesses mainly consist of sub-referral fee to business vendors and expenses for placement projects. The cost of sales/services decreased to approximately HK$181.1 million for the year ended 31 March 2021 from approximately HK$195.8 million for the year ended 31 March 2020, representing a decrease of approximately 7.5%. Such decrease was attributable to a decrease in the cost of sales for the Apparel Business of approximately 40% to HK$117.1 million for the year ended 31 March 2021 which was in line with the decrease in revenue from the Apparel Business, and was offset by the increase in cost of services for the Financial Services Businesses primarily from the financial services of licensed business by approximately 6,302% to HK$64.0 million.

Gross profit and gross profit margins

The gross profit of the Group was approximately HK$245.5 million for the year ended 31 March 2021 as compared with approximately HK$30.6 million for the year ended 31 March 2020, which represents an increase of 702.5% mainly attributable to the contribution of gross profit of approximately HK$224.2 million from the Financial Services Businesses.

Other gains/(losses), net

During the Reporting Period, the Group recorded net other gains of approximately HK$83.0 million with respect to net other losses of approximately HK$39.4 million for the year ended 31 March 2020. It was mainly attributable to the (i) gains on sales of financial assets at fair value through profit or loss due to the sales of listed equities of approximately HK$14.9 million when compared to losses on sales of financial assets at fair value through profit or loss due to the sales of listed equities of approximately HK$38.1 million for the year ended 31 March 2020; and (ii) the net fair value gains on financial assets at fair value through profit or loss of approximately HK$63.3 million when compared to fair value losses on financial assets at fair value through profit or loss of approximately HK$1.2 million 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$5.4 million for the year ended 31 March 2021 from approximately HK$6.5 million for the year ended 31 March 2020, representing a decrease of approximately 17.4% which was in line with the decrease in revenue from the Apparel Business.

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$100.7 million for the year ended 31 March 2021 from approximately HK$36.1 million for the year ended 31 March 2020, representing an increase of approximately 178.8%. Such increase was mainly due to (i) the increase in the number of staff from 42 to 61 during the year ended 31 March 2021 and the consequential increase in salary expenses of approximately HK$13.9 million and (ii) increase in share based payment expenses due to granting of share options to certain directors and employees of approximately HK$28.9 million.

Finance costs

The overall finance cost increased from approximately HK$0.2 million for the year ended 31 March 2020 to approximately HK$2.1 million for the year ended 31 March 2021 which was mainly attributable to the interest expenses on margin financing and promissory note incurred by the Group.

As at 31 March 2021, the Group had no bank borrowings, while the Group had bank borrowings with average interest rate per annum at 2.69% for the year ended 31 March 2020.

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

Total comprehensive income attributable to owners of the Company was approximately HK$200.8 million for the year ended 31 March 2021 while the total comprehensive loss attributable to owners of the Company was approximately HK$51.4 million for the year ended 31 March 2020. The turnaround from total comprehensive loss to total comprehensive income was mainly attributable to the contribution of segment profits of approximately HK$180.5 million from the Financial Services Businesses.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2021, the Group mainly financed its operations with its own working capital. As at 31 March 2021 and 2020, the Group had net current assets of approximately HK$287.1 million and HK$135.8 million respectively, including cash and cash equivalents of approximately HK$56.2 million and HK$50.7 million respectively. The Group's current ratio decreased from approximately 3.98 as at 31 March 2020 to approximately 3.47 as at 31 March 2021. Such decrease was mainly due to increase in current liabilities, particular in trade, bills and other payable and promissory note.

As at 31 March 2021, the Group has no bank borrowings as compared with approximately HK$6.4 million as at 31 March 2020.

As at 31 March 2021, the Group's other borrowings include unlisted bonds and promissory note.

During the Reporting Period, for the purpose of the strengthening the capital of the Group, the Company completed the issuance of 5% coupon unlisted bonds to independent third party subscribers with an aggregate principal amount of HK$6 million repayable in 2027 and 2028, respectively. The unlisted bonds are unsecured and not guaranteed.

During the Reporting Period, the Company completed the issuance of the interest-free promissory note in the aggregate principal amount of US$3.5 million (equivalent to approximately HK$27.3 million) to the target company, Carmel Reserve LLC, to satisfy part of the consideration pursuant to the Subscription Agreement (as defined in the section headed "Management Discussion and Analysis — Significant Investments" in this annual report). The promissory note is repayable in December 2021 and was partially repaid during the Reporting Period, therefore, as at 31 March 2021, the promissory note payables amounted to approximately HK$22.4 million.

As at 31 March 2021, all the borrowings of the Group are with fixed interest rates and denominated in US dollars and Hong Kong dollars.

As at 31 March 2021, the cash and cash equivalents of the Group were mainly held in US dollars and Hong Kong dollars.

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

Gearing ratio is calculated by dividing total debts (including bank borrowings, bonds payable, promissory note and lease liabilities) by total equity as at the end of the reporting period. The Group's gearing ratio increased from approximately 6.8% as at 31 March 2020 to approximately 7.8% as at 31 March 2021.

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. As at 31 March 2021, the Group has no lease commitments for short-term lease (2020: HK$4,000). As at 31 March 2021, the Group did not have any significant capital commitments (31 March 2020: nil).

CAPITAL STRUCTURE

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

SIGNIFICANT INVESTMENTS

(i) In May 2020, DJT Partners Limited, the Group's wholly owned subsidiary, has subscribed for and holds all the management shares of a Cayman private fund ("**Cayman Fund**").

As at 31 March 2021, the Cayman Fund had set up one segregated portfolio, DJT Equity Series SPC — Heritage Distress SP (the "**Segregated Portfolio**") with expected fund size of HK$120 million and the Company had subscribed for participating shares of the Segregated Portfolio in the sum of HK$100 million, representing 90.6% of the participating shares of the Segregated Portfolio. In February 2021, there was a restructuring of the Cayman Fund whereby an investment manager was appointed and the day-to-day investment decisions, management and operation was delegated by its directors to the investment manager (the "**Restructuring**"). As a result of the Restructuring, the Group ceased to have control over the Cayman Fund. As such, the fair value of the retained interests in the Cayman Fund was reclassified as financial assets at fair value through profit or loss and no longer consolidated in the financial statements of the Company as at 31 March 2021.

The investment objective of the Segregated Portfolio is to generate returns for its participating shareholders by investing in publicly-listed stocks of the companies listed on the Stock Exchange, and/or publicly-listed stocks of the companies listed on Shanghai Stock Exchange through Shanghai Connect and/or publicly-listed stocks of the companies listed on Shenzhen Stock Exchange through Shenzhen Connect (the "**Portfolio Companies**"). Particularly, the investment strategy of the Segregated Portfolio would be to hold minority interests in the Portfolio Companies. In selecting the Portfolio Companies, the Segregated Portfolio shall invest in companies which are either (i) constituents of the Hang Seng Composite Index; (ii) companies with market capitalisation of HK$3.5 billion or above; or (iii) companies with daily share turnover rate not lower than 0.05%.

As at 31 March 2021, the fair value of the investment in the Cayman Fund amounted to approximately HK$119.6 million, which represents approximately 19.2% of the total assets of the Group as at 31 March 2021. No dividend was received from this investment by the Group during the Reporting Period. During the Reporting Period, there is a fair value gain of approximately HK$3.9 million arising from this investment.

The investment strategy of the Group in the Cayman Fund would be enhancing investment returns for the Group by realising the capital gains at the end of the term of the Segregated Portfolio.

(ii) On 21 August 2020, DL Investment Holdings US, LLC, a wholly-owned subsidiary of the Company (the "**Subscriber**"), and Carmel Reserve LLC (the "**Target Company**") entered into a subscription agreement (the "**Subscription Agreement**"). The Target Company is an associate of Ms. Jiang, the chairman of the Board (the "**Chairman**") and executive Director and Mr. Chen Ningdi, the executive Director and chief executive officer of the Company (the "**Chief Executive Officer**"). As such, the Target Company is a connected person of the Company. Pursuant to the Subscription Agreement, the Target Company has conditionally agreed to issue and allot to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, 27.06% of the interest in the Target Company as a class B member as enlarged by the subscription in two tranches at the consideration of US$5,000,000 (equivalent to approximately HK$39,000,000) which represents a post-money enterprise value of the Target Company of approximately US$35,000,000 (equivalent to approximately HK$273,000,000) (the "**Subscription**"). The Subscription has completed on 30 December 2020 and the consideration was satisfied by a combination of cash and the issuance of promissory note by the Company.

The Target company is principally engaged in the investment, construction and development of an ultra-luxury real estate project. The investment of the Group in the Target Company is stated at fair value and is recorded as financial assets at fair value through profit or loss. As at 31 March 2021, the fair value of the investment in the Target Company amounted to approximately HK$71.2 million, which represents approximately 11.3% of the total assets of the Group as at 31 March 2021. No dividend was received from this investment by the Group during the Reporting Period. During the Reporting Period, there is a fair value gain of approximately HK$33.2 million arising from this investment.

The Subscription represents the first real estate investment of the Group. Notwithstanding the fact that the Subscription interest bears no management rights or control on the Target Company, having considered that the Group has been expanding its investment portfolio, the Board is of the view that being a passive financial investor in the Target Company, the Group will be able to enjoy the future potential profit through distribution to be made by the Target Company.

Save as disclosed above, as at 31 March 2021, 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.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures for the year ended 31 March 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 March 2021. 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 as and when appropriate.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2021 and 2020.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to Hong Kong Dollars ("**HK$**") and Renminbi ("**RMB**"). As at 31 March 2021 and 2020, foreign exchange risk on financial assets and liabilities denominated in RMB was insignificant to the Group. Although the Group's revenue and major expenses are mainly in United States Dollars ("**US$**"), 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON GROUP ASSETS

As at 31 March 2021, the Group did not pledge any of its assets (31 March 2020: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021 and 2020, the Group employed a total of 61 and 42 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 2021 and 2020, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK$64.2 million and HK$21.1 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 that have a significant impact on the Group during the Reporting Period.

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 Reporting Period.

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 Reporting Period. 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 Reporting Period, there was no material dispute or disagreement between the Group and its suppliers.

SUBSEQUENT EVENTS

Since 31 March 2021 and up to the date of this report, there is no significant event affecting the Group that have occurred.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Jiang Xinrong (江欣榮) ("**Ms. Jiang**"), aged 38, 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 of the Company ("**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 section headed "Report of the Directors — Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this annual report for Ms. Jiang's interest in the Shares as at 31 March 2021 which would fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

Mr. Chen Ningdi (陳寧迪), aged 42, 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 section headed "Report of the Directors — Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this annual report for Mr. Chen Ningdi's interest in the Shares as at 31 March 2021 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

* *For identification purposes only*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Chan Kwun Wah Derek (陳冠樺) (formerly known as Chan Chi Hung Derek) ("**Mr. Chan**"), aged 50, 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. He serves as a non-executive director of Jimu Group Limited (Stock Code: 8187), the issued shares of which are listed on GEM of the Stock Exchange since October 2020.

Mr. Li Ren (李韌) ("**Mr. Li**"), aged 56, 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 section headed "Report of the Directors — Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this annual report for Mr. Li's interest in the Shares as at 31 March 2021 which would fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chang Eric Jackson (張世澤) ("**Mr. Chang**"), aged 41, 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. 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 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.

* *For identification purposes only*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen Cheng-Lien (陳政璉) (also known as Chen Cheng-Lang and Chen Stanley), aged 42, 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 served 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 from October 2018 to July 2020. 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 53, 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.

Please refer to the section headed "Report of the Directors — Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this annual report for Mr. Liu's interest in the Shares as at 31 March 2021 which would fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

SENIOR MANAGEMENT

Mr. Cheung Lui (張雷) ("**Mr. Cheung**"), aged 49, 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 58, 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 REPORT

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.

Under code provision E.1.2 of the CG Code, the chairman of the board of director should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Due to other business engagements, Ms. Jiang Xinrong, the Chairman and the chairman of the nomination committee of the Company, did not attend the annual general meeting of the Company held on 29 September 2020.

Save as disclosed above, the Company was in compliance with all code provisions set out in the CG Code for the year ended 31 March 2021.

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 2021.

BOARD OF DIRECTORS

For the year ended 31 March 2021, the Board consisted of:

Executive Directors	Ms. Jiang Xinrong *(Chairman)* Mr. Chen Ningdi **(Chief Executive Officer)*
Non-executive Directors	Mr. Chan Kwun Wah Derek Mr. Li Ren
Independent non-executive Directors	Mr. Chang Eric Jackson Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) Mr. Liu Chun *(appointed with effect from 22 April 2020)* Ms. Luk Huen Ling Claire *(resigned with effect from 30 September 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 2021, a total of 14 Board meetings and 2 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	13/14	0/2
Mr. Chen Ningdi	14/14	1/2
Mr. Chan Kwun Wah Derek	12/14	0/2
Mr. Li Ren	11/14	0/2
Mr. Chang Eric Jackson	11/14	2/2
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)	12/14	1/2
Mr. Liu Chun *(appointed with effect from 22 April 2020)*	9/13	0/2
Ms. Luk Huen Ling Claire *(resigned with effect from 30 September 2020)*	9/10	1/1

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 2021, 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 2021, 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. The position of the Chairman and Chief Executive Officer are held by Ms. Jiang Xinrong and Mr. Chen Ningdi for the year ended 31 March 2021 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 2021, all the then Directors, namely Ms. 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 Mr. Liu Chun 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.

As at the date of this report, the Audit Committee consisted of members, namely Mr. Chang Eric Jackson (chairman of the Audit Committee), Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), Mr. Liu Chun (appointed on 22 April 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 report, including the audited consolidated results of the Group for the year ended 31 March 2021.

According to the current terms of reference, the Audit Committee shall meet at least two times for a financial year. Two meetings were held by the Audit Committee for the year ended 31 March 2021 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)*	1/2
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)	2/2
Mr. Liu Chun *(appointed with effect from 22 April 2020)*	2/2
Ms. Luk Huen Ling Claire *(resigned with effect from 30 September 2020)*	1/1

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 2021, 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 2021 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 2021, it consisted of members, namely Mr. Chang Eric Jackson (chairman of the Remuneration Committee) and Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), all being independent non-executive Directors; and Ms. Jiang Xinrong, being an 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.

Three meetings were held by the Remuneration Committee for the year ended 31 March 2021. 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 Director during the year ended 31 March 2021, 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 *(Chairman)*	2/3
Ms. Jiang Xinrong	3/3
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)	3/3

Details of emoluments of the Directors of the Group for the year ended 31 March 2021 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 2021, it consisted of members, namely Ms. Jiang Xinrong (chairman of the Nomination Committee), being an executive Director; Mr. Chang Eric Jackson and Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), all being independent non-executive Directors. 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.

Two meetings were held by the Nomination Committee for the year ended 31 March 2021. 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 *(Chairman)*	2/2
Mr. Chang Eric Jackson	1/2
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)	2/2

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 background, qualifications, skills and experience 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 background, skills and experience of existing Directors taking also into account the personal integrity and professional ethics, proven achievement and competence in their field of expertise and the ability to exercise sound business judgement of the director candidates. 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 2021, 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 with 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 2021, 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 2021, 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 2021.

AUDITOR'S REMUNERATION

For the year ended 31 March 2021, the fees paid/payable to the Company's auditor is set out as follows:

Services rendered	**Fee paid/payable** (HK$'000)
Audit services	1,100
	1,100

COMPANY SECRETARY

Ms. Chin Ying Ying has been appointed as company secretary of the Company (the "**Company Secretary**") with effect from 27 March 2020. For the year ended 31 March 2021, 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 Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, 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@dl-gh.com.

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@dl-gh.com. 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 https://www.dlglobalholdings.com.

For the year ended 31 March 2021, 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 2021.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in (i) provision of financial services of licensed businesses including financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services; (ii) provision of money lending services to customers; (iii) sales of apparel products with the provision of supply chain management total solutions to customers; and (iv) asset management services. The major activities of its principal subsidiaries are set out in note 29 to the consolidated financial statements of the Group.

RESULTS AND APPROPRIATIONS

On 18 November 2020, the Board resolved to approve an interim dividend of HK$0.0068 per ordinary Share for the six months ended 30 September 2020. Total dividend of approximately HK$9,497,000 was paid out, including dividend paid to the Shares held under the Share Award Scheme.

The Board recommends the payment of a final dividend of HK$0.0358 per Share in the form of cash in respect of the Reporting Period, amounting to a total dividend of approximately HK$50.0 million to Shareholders whose names appear on the register of members of the Company on Monday, 20 September 2021 (record date). Subject to approval of the Shareholders at the annual general meeting of the Company to be held on Thursday, 9 September 2021 ("**AGM**"), it is expected that the final dividend will be paid to the eligible Shareholders on or around Thursday, 30 September 2021. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but reflected as an appropriation of retained earnings for the year ended 31 March 2021.

BUSINESS REVIEW

A discussion and analysis of the Group's performance during the year ended 31 March 2021, 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 2021, no significant event affecting the Group has occurred.

The Group's business is subject 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; and 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 128 of this annual report.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 March 2021 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

Save as disclosed in the section headed "Report of the Directors — Share Award Scheme" of this annual report, the Company and its subsidiaries did not purchase, sell or redeem any of its Shares listed on the Stock Exchange for the year ended 31 March 2021.

EQUITY LINKED AGREEMENT

Save as disclosed in the sections headed "Report of the Directors — Issue of Securities and Use of Proceeds" and "Report of the Directors — Share Option Scheme" in this annual report, no equity-linked agreement was entered into by the Group, or subsisted, during the year ended 31 March 2021.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 March 2021 are set out in note 38 to the consolidated financial statements of the Group and in the consolidated statement of changes in equity on page 46 of this annual report respectively.

DISTRIBUTABLE RESERVES

For the year ended 31 March 2021, 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$245.6 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 2021, the Group's largest and five largest customers represented approximately 29.15% and 58.92% of the Group's total revenue respectively, and the Group's largest and five largest suppliers represented approximately 27.09% and 64.44% 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 2021.

DIRECTORS

During the year ended 31 March 2021 and up to the date of this annual report, the Directors were as the followings:

Executive Directors

Ms. Jiang Xinrong *(Chairman)*
Mr. Chen Ningdi *(Chief Executive Officer)*

Non-executive Directors

Mr. Chan Kwun Wah Derek
Mr. Li Ren

Independent non-executive Directors

Mr. Chang Eric Jackson
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)
Mr. Liu Chun *(appointed with effect from 22 April 2020)*
Ms. Luk Huen Ling Claire *(resigned with effect from 30 September 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. Ms. Jiang Xinrong, Mr. Chang Eric Jackson and Mr. Li Ren will retire as Directors and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company.

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.

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.

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 2021 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 2021.

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 (the "**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 Directors and senior management of the Group by band and the respective number of persons for the year ended 31 March 2021 are set out below:

Remuneration bands	Number of persons
HK$0 to HK$1,000,000	7
HK$1,000,001 to HK$1,500,000	2
HK$2,500,001 to HK$3,000,000	1

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

At any time during and at the end of the year ended 31 March 2021, 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.

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

As at 31 March 2021, 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 ("**Ms. Jiang**")	Interest of spouse	530,424,395 (Note 2)	37.98%
	Interest of controlled corporation	222,418,000 (Note 3)	15.93%
Mr. Chen Ningdi ("**Mr. Chen**")	Interest of controlled corporation	530,424,395 (Note 2)	37.98%
	Interest of spouse	222,418,000 (Note 3)	15.93%
Mr. Li Ren	Beneficial owner	118,892,000 (Note 4)	8.51%
Mr. Liu Chun	Beneficial owner	3,000,000 (Note 5)	0.21%

Notes:

1. Based on the total number of issued Shares as at 31 March 2021.

2. DA Wolf Investments I Limited ("**DA Wolf**") and Summer Empire Investments Limited ("**Summer Empire**") directly owned 512,924,395 Shares and 17,500,000 Shares respectively, representing approximately 36.73% and 1.25% of all issued Shares of the Company as at 31 March 2021 respectively. Mr. Chen being the sole shareholder of DA Wolf and Summer Empire was deemed to be interested in the total of 530,424,395 Shares held by DA Wolf and Summer Empire. 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 15.93% of all issued Shares as at 31 March 2021. 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 118,892,000 Shares represented the Shares held by Mr. Li Ren.

5. These 3,000,000 Shares represented the share options granted to Mr. Liu Chun pursuant to the Share Option Scheme of the Company.

Save as disclosed above, as at 31 March 2021, 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 2021, 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	512,924,395 (Note 2)	36.73%
DL Global	Interest of controlled corporation	222,418,000 (Note 3)	15.93%
Rapid Raise	Beneficial owner	222,418,000 (Note 3)	15.93%
CMF Global Quantitative Multi-Asset SPC-CMF FS Asia Equity Opportunity SP	Beneficial owner	111,916,000 (Note 4)	8.01%
Chan Kwan	Interest of controlled corporation	80,000,000 (Note 5)	5.73%
A Square Investments Group Limited	Beneficial owner	80,000,000 (Note 5)	5.73%

Notes:

1. Based on the total number of issued Shares as at 31 March 2021.

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

4. These 111,916,000 Shares represented the Shares beneficially owned by CMF Global Quantitative Multi-Asset SPC-CMF FS Asia Equity Opportunity SP.

5. On 5 February 2021, Chan Kwan, through A Square Investments Group Limited, conditionally agreed to subscribe for (i) 40,000,000 Shares at HK$2.15 per subscription share pursuant to a share subscription agreement entered into with the Company; and (ii) 40,000,000 warrants at HK$0.15 per warrant with a right to subscribe for 40,000,000 warrant shares of the Company pursuant to a warrant subscription agreement entered into with the Company. The share subscription lapsed and the warrant subscription was terminated on 30 April 2021.

Save as disclosed above, as at 31 March 2021, 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 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 ("**Eligible Participant(s)**").

Pursuant to the resolution passed by the Shareholders 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 8.05% 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 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 2021, the Company granted 107,500,000 share options under the Share Option Scheme and a total of 106,976,000 shares options were exercised by employees, Directors, supplier and other participants. As at 31 March 2021, the Company had 63,000,000 share options (31 March 2020: 62,476,000) outstanding under the Share Option Scheme.

Details of movements in the share options under the Share Option Scheme during the year ended 31 March 2021 are as follows:

Category and name of grantee	Date of grant	Outstanding as at 1 April 2020 (Note 4)	Granted during the period (Note 4)	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 31 March 2021 (Note 4)	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											
Mr. Chen (Note 1)	17 August 2020	–	5,500,000	(5,500,000)	–	–	–	HK$0.90	HK$0.880	HK$0.89	17 August 2020 to 16 August 2023
Mr. Li (Note 2)	15 August 2019	11,238,000	–	(11,238,000)	–	–	–	HK$0.476	HK$0.460	HK$0.57	15 August 2019 to 14 August 2022
	17 August 2020	–	5,500,000	(5,500,000)	–	–	–	HK$0.90	HK$0.880	HK$0.89	17 August 2020 to 16 August 2023
Mr. Liu (Note 3)	17 August 2020	–	3,000,000	–	–	–	3,000,000	HK$1.00	HK$0.880	N/A	17 August 2020 to 16 August 2023
Sub-total		11,238,000	14,000,000	(22,238,000)	–	–	3,000,000				
Employee(s) of the Group	17 August 2020	–	30,500,000	(30,500,000)	–	–	–	HK$0.90	HK$0.880	HK$1.08	17 August 2020 to 16 August 2023
	17 August 2020	–	5,500,000	–	–	–	5,500,000	HK$1.00	HK$0.880	N/A	17 August 2020 to 16 August 2023
	19 November 2020	–	53,000,000	–	–	–	53,000,000	HK$2.50	HK$2.30	N/A	19 November 2020 to 18 November 2023
Supplier	27 April 2018	10,000,000	–	(10,000,000)	–	–	–	HK$0.425	HK$0.425	HK$0.57	27 April 2018 to 27 April 2028
Other participant(s)	27 October 2017	20,000,000	–	(20,000,000)	–	–	–	HK$0.482	HK$0.470	HK$0.57	27 October 2017 to 27 October 2027
	27 April 2018	10,000,000	–	(10,000,000)	–	–	–	HK$0.425	HK$0.425	HK$0.57	27 April 2018 to 27 April 2028
	15 August 2019	11,238,000	–	(11,238,000)	–	–	–	HK$0.476	HK$0.460	HK$0.57	15 August 2019 to 14 August 2022
	17 August 2020	–	4,500,000	(3,000,000)	–	–	1,500,000	HK$1.00	HK$0.880	HK$1.08	17 August 2020 to 16 August 2023
Total		62,476,000	107,500,000	(106,976,000)	–	–	63,000,000				

Notes:

1. Mr. Chen is an executive Director.
2. Mr. Li is a non-executive Director.
3. Mr. Liu is an independent non-executive Director.
4. All granted options shall vest immediately upon date of grant.

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.

SHARE AWARD SCHEME

A share award scheme was adopted by the Company on 8 September 2020 (the "**Share Award Scheme**"). The Share Award Scheme is (i) to recognise the contributions by the participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme shall be subject to administration of the Board and DL Securities, the trustee in accordance with the rules of the Share Award Scheme and the trust deed in relation thereto. The eligible participants of the Share Award Scheme include any employee (including without limitation any executive director) of any member of the Group, any non-executive director or proposed non-executive director (including independent non-executive director) of any member of the Group or any entity in which any member of the Group holds any equity interest (the "**Invested Entity**"), any supplier of goods or services to any member of the Group or any Invested Entity, any customer of the Group or any Invested Entity, any person or entity that provides or will provide research, development, consultancy, advisory services or other technological support to the Group or any Invested Entity, any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity, any other group or class of participants from time to time determined by the Directors as having contributed or may contribute by way of joint venture, business alliances, consultancy, advisory services or other business arrangements to the development and growth of the Group and any person or entity, who, at the sole determination of the Directors, has contributed to the Group.

During the year ended 31 March 2021, the Company did not grant any share award under the Share Award Scheme. As at 31 March 2021, the Company had 12,260,000 Shares held under the Share Award Scheme (31 March 2020: nil). During the year ended 31 March 2021, the Company purchased on the Stock Exchange 12,260,000 Shares at an aggregate consideration of HK$17,255,000.

ISSUE OF SECURITIES AND USE OF PROCEEDS

On 30 June 2020, the Company entered into the subscription agreement with CMF Global Quantitative Multi-Asset SPC — CMF FS Asia Equity Opportunity SP, as subscriber, pursuant to which the subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to issue 75,500,000 new ordinary Shares with an aggregate nominal value of HK$755,000 under the general mandate of the Company at the subscription price of HK$0.80 per Share. The reason for the subscription was to strengthen the capital base of the Company and optimize the Shareholder structure of the Company. The net proceeds from the subscription amounted to approximately HK$60.15 million and the net price per subscription share was approximately HK$0.797. The market closing price per Share on the date the subscription agreement was entered into was HK$0.81. The subscription was completed on 31 July 2020.

As at 31 March 2021, the net proceeds had been applied as follows:

Intended and actual use of the net proceeds	**Allocation** (HK$ million)	**Utilised net proceeds as at 31 March 2021** (HK$ million)
Expansion of its financial services business by further subscribing for the participating shares in the Cayman private fund established by the Group's wholly-owned subsidiary, DJT Partners Limited, in May 2020	50.00	50.00
Strengthening the sales and distribution network of the financial services business of the Group	10.15	10.15
Total	60.15	60.15

The net proceeds were used in accordance with the intention of the Company as disclosed in its announcement dated 30 June 2020.

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 "Report of the Directors — 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 or subsidiaries of its parent companies was a party, which subsisted during or at the end of the year ended 31 March 2021.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed in the section headed "Report of the Directors — 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 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2021 and up to the date of this 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, has been fully complied with and enforced for the year ended 31 March 2021. The Board also confirms that there are no other matter in relation to the aforesaid non-competition undertaking 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 2021 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 2021 are set out in note 36 to the consolidated financial statements in this annual report. Each 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 2021. 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 2021 other than those connected transactions which are fully exempted under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

On 21 August 2020, DL Investment Holdings US, LLC, as the Subscriber and Carmel Reserve LLC, as the Target Company entered into the Subscription Agreement. The Target Company is an associate of Ms. Jiang, 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. Pursuant to the Subscription Agreement, the Target Company has conditionally agreed to issue and allot to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, 27.06% of the interest in the Target Company as a class B member as enlarged by the Subscription in two tranches at the consideration of US$5,000,000 (equivalent to approximately HK$39,000,000) which represents a post-money enterprise value of the Target Company of approximately US$35,000,000 (equivalent to approximately HK$273,000,000). The Board endeavours to diversify the investment portfolio of the Group through different types of investments and mitigate the market risks of the Group's investments. The Subscription represents the first real estate investment of the Group. The Subscription constituted a discloseable and connected transaction of the Company as defined under Chapter 14A of the Listing Rules and complied with the announcement, reporting and independent shareholder approval requirements under Chapter 14A of the Listing Rules during the Reporting Period. The Subscription has completed on 30 December 2020 and the consideration was satisfied by a combination of cash and the issuance of promissory note(s) by the Company.

Please refer to the Company's announcements on 21 August 2020, 30 September 2020, 30 October 2020 and 30 December 2020 and the circular of the Company dated 20 November 2020.

FULFILMENT OF PROFIT GUARANTEE

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 "**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, 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.

The audited profit after tax of DL Securities and DA Finance for the financial year ended 31 December 2020 exceeded the Guaranteed Profit. As the actual profit exceeds the Guaranteed Profit, no compensation will be payable by the vendor and no adjustment consideration will be payable to the vendor by either DL Securities and DA Finance or the purchaser and the vendor has fulfilled its obligations in relation to the profit guarantee.

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 2021 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

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. Save as disclosed, there has been no change in the auditor in any of the preceding three years.

The consolidated financial statements for the year ended 31 March 2021 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, 24 June 2021

INDEPENDENT AUDITOR'S REPORT

Grant Thornton 致同

To the shareholders of DL Holdings Group Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of DL Holdings Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 44 to 127, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment of receivables	
Refer to notes 2.7, 2.8, 4.2, 20, 21, 39.1 and 39.4 to the consolidated financial statements	
As at 31 March 2021, the Group has trade, bills and other receivables of HK$209,297,000 and loan and interest receivables of HK$92,701,000, net of expected credit loss ("**ECL**") allowance of HK$756,000 and HK$1,938,000 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 margin receivables, 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; • Evaluating the external valuer's competence, capabilities and objectivity; • 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 Matter	How the matter was addressed in our audit
Impairment assessment of receivables (Continued) *Refer to notes 2.7, 2.8, 4.2, 20, 21, 39.1 and 39.4 to the consolidated financial statements (Continued)* The Group assesses ECL allowance for margin receivables, 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 receivables 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 Matter	How the matter was addressed in our audit
Valuation of share options *Refer to note 2.19, 4.2 and 11 to the consolidated financial statements* During the year ended 31 March 2021, the Group granted 107,500,000 share options to its employees, director (included executive directors, non-executive director and independent non-executive director) and external consultants under its Share Options Scheme (as defined in note 11). The share-based payment expenses of HK$31,961,000 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. We have identified the valuation of shares options as a key audit matter because of the assessment involves significant independent professional external valuer's judgement.	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 Matter	How the matter was addressed in our audit
Assessment of control over structured entities	
Refer to note 2.2, 4.1 and 37 to the consolidated financial statements	
The Group acquires or retains an ownership interest in, or act as a investment manager of, structured entities. The Group determines whether or not to consolidate these structured entities based on the assessment of whether the Group has control over the structured entities by taking into consideration of power arising from rights, exposure of variable returns and the linkage between power and returns. The assessment of the Group's control over structured entities involves significant judgement on factors, such as the purpose and design of structured entities, its ability to direct the relevant activities, direct and indirect beneficial interests and returns, remuneration and performance fee. Due to the significance of the structured entities and the complexity of judgement exercised by the management, we identified the control assessment of structured entities as a key audit matter.	Our audit procedures to assess control over structured entities included: • reviewing the key contractual provisions of the relevant legal documents including the management agreements of the structured entities; • evaluating the risk and reward structure of the structured entities including any return guarantee, commission basis and distribution of returns and assessing the management's judgement as to exposure and right to variable returns from the Group's involvement; and • evaluating the management's analysis of structured entities including qualitative analyses and calculations of the magnitude and variability associated with the Group's economic interests in the structured entities to assess management's judgement over the Group's ability to influence its own returns from the structured entities. Based on the procedures performed, we found the judgement of management in relation to the assessment of control over structured entities to be supportable by available evidence.

Key Audit Matter	How the matter was addressed in our audit
Fair value measurements of Level 3 financial instruments	
Refer to note 2.7, 4.2, 22, 39.7 to the consolidated financial statements	
As at 31 March 2021, the Group's financial assets at fair value through profit or loss categorised as Level 3 amounting to approximately HK$71,204,000. Due to the significance of the judgement and estimates made by the management and the subjectivity in determination of Level 3 fair value given the lack of availability of market-based data and the significant unobservable inputs, we identified the fair value measurements of Level 3 financial instruments as a key audit matter.	Our audit procedures to assess the fair value measurement of Level 3 financial instruments included: • evaluating whether the valuation methodologies, inputs and assumptions adopted by management were appropriate; • evaluating the rationale of management's judgement on the significant unobservable inputs; • testing the evidence supporting the unobservable inputs used in the Level 3 fair value measurements; • involving our valuation specialists to perform independent valuations and comparing these valuations against the Group's valuations, on a sample basis; and • evaluating the adequacy of the Level 3 fair value measurement disclosures in the consolidated financial statements. Based on the procedures performed, we found the estimate of management in relation to the fair value measurements of level 3 financial instruments 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 2020/2021 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 our agreed terms of engagements 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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

INDEPENDENT AUDITOR'S REPORT

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, actions taken to eliminate threats or safeguards applied.

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

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

24 June 2021

Ng Ka Kong
Practising Certificate No.: P06919

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	5	**426,551**	226,391
Cost of sales/services	7	**(181,078)**	(195,804)
Gross profit		**245,473**	30,587
Other gains/(losses), net	6	**82,997**	(39,432)
Selling expenses	7	**(5,356)**	(6,481)
General and administrative expenses	7	**(100,729)**	(36,129)
Expected credit loss of receivables	7	**(2,531)**	(163)
Operating profit/(loss)		**219,854**	(51,618)
Finance income	12	**10**	5
Finance costs	12	**(2,072)**	(248)
Finance costs, net		**(2,062)**	(243)
Profit/(loss) before income tax		**217,792**	(51,861)
Income tax (expense)/credit	13	**(16,994)**	452
Profit/(loss) for the year		**200,798**	(51,409)
Total comprehensive income/(loss) attributable to the owners of the Company for the year		**200,798**	(51,409)
Earnings/(loss) per share attributable to owners of the Company			
— Basic (HK cents)	15	**15.06**	(4.57)
— Diluted (HK cents)	15	**15.00**	(4.57)

The notes on pages 48 to 127 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	**2,308**	2,424
Right-of-use assets	17	**9,754**	4,664
Intangible assets	18	**12,248**	12,248
Goodwill	37	**7,658**	373
Deferred tax assets	19	**312**	832
Deposits	20	**1,716**	1,955
Financial assets at fair value through profit or loss	22	**190,570**	7,243
		224,566	29,739
Current assets			
Trade, bills and other receivables, prepayments and deposits	20	**211,309**	79,505
Loan and interest receivables	21	**92,701**	32,344
Income tax recoverable		**110**	4,075
Bank balance — trust	23	**43,033**	14,706
Cash and cash equivalents	23	**56,222**	50,745
		403,375	181,375
Current liabilities			
Trade, bills and other payables	27	**78,936**	34,606
Promissory note	28	**22,376**	–
Bank borrowings	30	**–**	6,362
Lease liabilities	31	**5,665**	4,594
Income tax payable		**9,336**	–
		116,313	45,562
Net current assets		**287,062**	135,813
Total assets less current liabilities		**511,628**	165,552
Non-current liabilities			
Lease liabilities	31	**4,821**	288
Provision for reinstatement cost	27	**250**	250
Bonds payable	32	**6,000**	–
		11,071	538
Net assets		**500,557**	165,014
Equity			
Share capital	24	**13,966**	12,142
Other reserves		**271,015**	128,597
Retained earnings		**215,576**	24,275
Total equity		**500,557**	165,014

Ms. Jiang Xinrong
Executive Director

Mr. Chen Ningdi
Executive Director

The notes on pages 48 to 127 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company						
	Share capital	**Share premium** (note 25)	**Share options reserve** (note 25)	**Share held for share award scheme** (note 25)	**Capital reserve** (note 25)	**Retained earnings**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 April 2019	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(c))	904	52,420	(11,754)	–	–	–	41,570
Balance at 31 March 2020 and 1 April 2020	12,142	121,035	7,552	–	10	24,275	165,014
Total comprehensive income							
Profit for the year ended 31 March 2021	**–**	**–**	**–**	**–**	**–**	**200,798**	**200,798**
Transactions with owners in their capacity as owners							
Share-based payments (note 11)	**–**	**–**	**31,961**	**–**	**–**	**–**	**31,961**
Purchase of shares (note (a))	**–**	**–**	**–**	**(17,255)**	**–**	**–**	**(17,255)**
Issuance of shares under Share Option Scheme (note 24(a))	**1,069**	**82,836**	**(14,717)**	**–**	**–**	**–**	**69,188**
Issuance of shares under Share Subscription (note 24(b))	**755**	**59,593**	**–**	**–**	**–**	**–**	**60,348**
2020 interim dividend paid (note 14)	**–**	**–**	**–**	**–**	**–**	**(9,497)**	**(9,497)**
Balance at 31 March 2021	**13,966**	**263,464**	**24,796**	**(17,255)**	**10**	**215,576**	**500,557**

Note a: During the year, the Company contributed approximately HK$17,255,000 at an average price of HK$1.407 per share for purchase of 12,260,000 ordinary shares which are currently held under the share award scheme adopted on 8 September 2020 (the "**Share Award Scheme**"). No share award has been granted from this Share Award Scheme as of 31 March 2021.

The notes on pages 48 to 127 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	34(a)	**45,017**	(5,384)
Income tax refund/(paid)		**4,108**	(886)
Net cash generated from/(used in) operating activities		**49,125**	(6,270)
Cash flows from investing activities			
Interest income received	12	**10**	5
Dividend received		**1,614**	268
Purchases of property, plant and equipment	16	**(814)**	(1,566)
Acquisition of subsidiaries, net of cash acquired	37	**4,421**	(7,903)
Addition of financial assets at fair value through profit or loss		**(252,382)**	(29,853)
Increase in amount due from a related party		**(1,365)**	–
Proceeds from sales of financial assets at fair value through profit or loss		**134,240**	58,130
Cash outflow from deconsolidation of a subsidiary	37	**(25)**	–
Net cash (used in)/generated from investing activities		**(114,301)**	19,081
Cash flows from financing activities			
Proceeds from short-term bank borrowings	34(b)	**–**	10,465
Repayment of short-term bank borrowings	34(b)	**(6,362)**	(5,603)
Interest paid	34(b)	**(1,498)**	(23)
Capital element of lease rentals paid	34(b)	**(5,277)**	(4,258)
Interest element of lease rentals paid	34(b)	**(233)**	(225)
Proceeds from issuance of bonds payable		**6,000**	–
Repayment of promissory note		**(3,900)**	–
Payment of purchase of shares		**(17,255)**	–
Dividend paid		**(9,497)**	–
Increase in amounts due to related parties		**7,466**	–
Net proceed from issuance of share upon share subscription		**60,348**	–
Net proceed from issuance of share upon exercise of share options		**69,188**	–
Net cash generated from financing activities		**98,980**	356
Net increase in cash and cash equivalents		**33,804**	13,167
Cash and cash equivalents at beginning of year		**65,451**	52,284
Cash and cash equivalents at end of year	23	**99,255**	65,451

The notes on pages 48 to 127 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

DL Holdings Group 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 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. With effect from 30 October 2020, the place of business in Hong Kong relocated to Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, 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 (i) provision of financial services of licensed businesses including financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services to customers; (ii) provision of money lending services to customers; (iii) sales of apparel products with the provision of supply chain management total solutions to customers; and (iv) provision of asset management services. During the year, the Group commenced its business with provision of investment management services and asset management services. The Group acquired Four Seasons Investment Management Limited ("**Four Seasons**") and DL Family Office Pte. Ltd. ("**DL Family**") in January 2021 and February 2021 respectively.

The immediate holding company and ultimate holding company of the Company is DA Wolf Investments I Limited ("**DA Wolf**"), a company which is incorporated in the British Virgin Islands.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The consolidated financial statements also comply with the applicable 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 subsidiaries, which is acquired during the year, made up to 31 March each year. For consolidation purpose, the income and expenses from the acquisition date to 31 March 2021 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.

When the Group losses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's statement of financial position, investment in subsidiaries are carried at cost less any impairment loss (see note 2.17) 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.

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

2.3 Business combinations *(Continued)*

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.

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 Hong Kong dollar ("**HK$**"). The consolidated financial statements are presented in HK$ for convenience purpose which is the Group's presentation currency.

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

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.

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

2.4 Foreign currency translation *(Continued)*

Transactions and balances *(Continued)*

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.

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 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

Accounting policy for depreciation of right-of-use assets is set out in 2.11.

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 2.17).

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 expected credit loss ("**ECL**") of trade receivables and loan and interest receivables which is presented as a separate line item in profit or loss.

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

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

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in 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, amount due from a related party 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/(losses), net" 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, bonds payable, promissory note, 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, bonds payable and promissory note

Bank borrowings, bonds payable and promissory note are recognised initially at fair value, net of transaction costs incurred. Bank borrowings, bonds payable and promissory note 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, bonds payable and promissory note using the effective interest method.

Bank borrowings, bonds payable and promissory note are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade, 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 receivables)

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

Other financial assets measured at amortised cost

The Group measures the ECL allowance for margin receivables, other receivables, amount due from a related party, deposits, bank balance-trust, cash and cash equivalent 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.

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

2.8 Impairment of financial assets *(Continued)*

Other financial assets measured at amortised cost *(Continued)*

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

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

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

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

— an actual or expected significant deterioration in the operating results of the debtor; 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 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 39.4.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.11 Leases

Definition of a lease and the Group as a lessee

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

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

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

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

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.

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.

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

2.11 Leases *(Continued)*

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

Measurement and recognition of leases as a lessee (Continued)

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.

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

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.

2.12 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.

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.

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

2.14 Intangible assets (other than goodwill) *(Continued)*

Intangible assets with indefinite useful lives are tested for impairment as described below in note 2.17.

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.

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**") and licensed assets management service business. A subsidiary in the Group is a licensed corporation under SFO for Types 1, 4 and 6 regulated activities. Certain subsidiaries in the Group are licensed corporation with foreign regulation on providing assets management services. 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 and assets management services are recognised progressively over time once the performance obligation fulfilled and income from referral services and performance fee from investment management services are 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.

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

2.15 Revenue recognition *(Continued)*

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/(losses), net" in profit or loss.

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

Dividend income

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

2.16 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to income is presented in gross under "Other gains/(losses), net" in the consolidated statement of profit or loss and other comprehensive income.

2.17 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.

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

2.17 Impairment of non-financial assets *(Continued)*

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 CGU). As a result, some assets are tested individually for impairment and some are tested at CGUs level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill in particular is allocated to those CGUs 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 CGUs, 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 CGUs, 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.

2.18 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 People's Republic of China (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.

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

2.18 Employee benefits *(Continued)*

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.

2.19 Share-based payments

The Group granted share options to its employees, external consultants and a supplier under its 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.

2.20 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.

2.21 Dividend distribution

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the reporting date, are not recognised as a liability at the end of the year but disclosed in the notes to the consolidated financial statements separately.

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

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

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

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

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

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

— income or loss excluding reversals of temporary differences; and

— reversals of existing temporary differences.

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

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

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

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

2.22 Accounting for income taxes *(Continued)*

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.

2.23 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.

For the year ended 31 March 2020, the Group identified three reportable and operating segments which are 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; and Money lending services — provide equity pledge financing services and money lending services to the customers.

During the year ended 31 March 2021, the Group set up one segregated portfolio, Heritage Distress SP (the "**Segregated Portfolio**") through DJT Equity Series SPC (the "**Cayman Fund**") to commence the asset management business.

The Group has identified the following reportable segments for the year ended 31 March 2021:

- Financial services of licensed business — provide financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services to the customers;

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

- Asset management services — provision of asset management services; and

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

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.

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

2.23 Segment reporting *(Continued)*

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;
- financial assets at fair value of financial assets at FVTPL (excluding financial assets at FVTPL in reportable and operating segments);
- corporate income and expenses which are not directly attributable to the business activities of any operating segment.
- certain finance cost; and
- certain depreciation of right-of-use assets.

Segment assets include all assets with the exception of certain financial assets at FVTPL and other corporate assets.

Segment liabilities include contract liabilities, trade, bills and other payables, provision for reinstatement cost, lease liabilities, income tax payable and bank borrowings managed directly by the segments with exception of promissory note, bonds payable and other corporate liabilities.

No asymmetrical allocations have been applied to reportable segments.

2.24 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the 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 earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.25 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.

(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

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

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

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

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

Amendments to HKFRS 3 "Definition of a Business"

The amendments narrowed and clarified the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify that a business is considered as an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Guidance and illustrative examples are provided to help entities assess whether a substantive process has been acquired;

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;

- add an optional concentration test that permits simplified assessment of whether an acquired set of activities and assets is not a business; and

- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

The application of these amendments has had no material impact on the Group's consolidated financial statements.

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

Amended HKFRSs that are effective for annual periods beginning or after 1 April 2020 *(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 and related amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	Covid-19 Related Rent Concessions[6]
Amendment to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021[7]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong interpretation 5 (2020)[3]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020[2]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[5]

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting judgements

Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of investors' returns. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above

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

4.1 Critical accounting judgements *(Continued)*

Determination of consolidation scope *(Continued)*

For assets management schemes where the Group involves as the investment manager, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the assets management schemes that is of such significance indicating that the Group is a principal. The assets management schemes shall be consolidated if the Group acts in the role of principal.

The Group managed funds as investment manager and after consideration of the above mentioned factors, the directors assessed that the Group is an agent and do not consolidate these funds. The purpose of managing funds is to generate management fee and performance fee from managing assets on behalf of the funds. Interest held by the Group includes management fee and performance fee charged by providing investment management services to the structured entity. For the year ended 31 March 2021, the management fee and performance fee recognised is amounting to HK$124,333,000.

Details of other interests in assets management entitles is disclosed in note 37 to the consolidated financial statements.

4.2 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 financial instruments

Financial instruments at FVTPL are measured at fair value at the reporting date. For part of the above financial instruments, quoted market prices are readily available. However, the determination of fair value for financial assets for which there is no observable market price, requires the use of valuation technique. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details of fair value measurements are disclosed in note 39.7 to the consolidated financial statements.

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 judgement 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.

Details of business combinations are disclosed in note 37 to the consolidated financial statements.

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 2021, 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$209,297,000 (2020: HK$75,642,000) (net of ECL allowance of HK$756,000 (2020: HK$Nil)), HK$92,701,000 (2020: HK$32,344,000) (net of ECL allowance of HK$1,938,000 (2020: HK$65,451,000)) and HK$99,255,000 (2020: HK$65,451,000), respectively.

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

4.2 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 Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors (i.e. the chief operating decision-maker ("**CODM**")) 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.

For the year ended 31 March 2020, the Group identified three reportable and operating segments which are 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; and Money lending services — provide equity pledge financing services and money lending services to the customers.

During the year ended 31 March 2021, the Group set up the Segregated Portfolio through Cayman Fund to commence asset management business.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

The Group has identified the following reportable and operating segments for the year ended 31 March 2021:

- Financial services of licensed business — provide financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services to the customers;

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

- Asset management services — provision of asset management services; and

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

Each of these reportable and 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.

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:

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, ECL of trade and other receivables, ECL of loan and interest receivables of assets, net loss on deconsolidation of a subsidiary gains/(losses) on sales of financial assets at FVTPL (related to segment of assets management services and segment of sales of apparel products), fair value gains/(losses) on financial asset at FVTPL (related to segment of sales of approval products, financial services of licensed business and segment of asset management services) and written off of property, plant and equipment attributable to those segments. Changes in fair value of financial assets at FVTPL (excluding financial assets at FVTPL in reportable and operating segments) and certain finance costs, depreciation of right-of-use assets, unallocated corporate expenses are not included in the result for each operating segment.

Segment assets include all assets with the exception of financial assets at FVTPL and other corporate assets.

Segment liabilities include contract liabilities, trade, bills and other payable, provision for reinstatement cost, lease liabilities, income tax payable and bank borrowings managed directly by the segments with exception of promissory note, bonds payable and other corporate liabilities.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Disaggregation of revenue from contracts with customers by major products or service lines and timing of revenue recognition are as follows:

	2021 **HK$'000**	2020 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Provision of financial services of licensed business (note (a))	**288,218**	12,909
— Sales of apparel products	**133,475**	212,875
	421,693	225,784
Revenue from other source		
— Provision of money lending services	**4,858**	607
	426,551	226,391
Disaggregated by timing of revenue recognition under HKFRS 15		
— Services provided over time	**110,174**	4,750
— Services provided at a point in time	**178,044**	8,159
— Goods transferred at a point in time	**133,475**	212,875
	421,693	225,784
Revenue from other source		
— Interest income from provision of money lending services	**4,858**	607
	426,551	226,391

Note (a)

Revenue from provision of financial services of licensed business	**2021** **HK$'000**	2020 HK$'000
Service fee income from financial advisory services and investment management services	**281,195**	12,707
Commission and brokerage arising on securities dealing on the Stock Exchange	**7,023**	202
	288,218	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 2021 is as follows:

	Financial services of licensed business HK$'000	Money lending services HK$'000	Asset management services HK$'000	Sales of apparel products HK$'000	Inter-company Elimination HK$'000	Total HK$'000
Revenue						
— From external customers	288,218	4,858	–	133,475	–	426,551
— Inter-segment revenue	100	–	–	–	(100)	–
Reportable segment revenue	288,318	4,858	–	133,475	(100)	426,551
Reportable segment profit/(loss)	178,156	2,302	44,860	(5,544)	5,055	224,829
Gains/(losses) on sales of financial assets at FVTPL, net	–	–	19,534	(4,725)	–	14,809
Fair value gains on financial assets at FVTPL	86	–	25,657	–	–	25,743
Bank interest income	10	–	–	–	–	10
Depreciation of property, plant and equipment	(704)	–	–	(235)	–	(939)
Depreciation of right-of-use assets	(1,489)	(120)	–	(3,295)	–	(4,904)
ECL of						
— trade and other receivables	(360)	–	–	(396)	–	(756)
— loan and interest receivables	–	(1,775)	–	–	–	(1,775)
Finance costs	(44)	(6)	(1,396)	(160)	–	(1,606)
Net loss of deconsolidation of a subsidiary	–	–	(696)	–	–	(696)
Income tax expense	(8,652)	(673)	(7,280)	(389)	–	(16,994)

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Financial services of licensed business HK$'000	**Money lending services** HK$'000	**Asset management services** HK$'000	**Sales of apparel products** HK$'000	**Inter-company Elimination** HK$'000	**Total** HK$'000
Reportable segment assets						
Balance at 31 March 2021	283,217	95,084	–	55,444	–	433,745
Balance at 31 March 2020	48,913	39,097	–	122,362	–	210,372
Additions to non-current assets						
Balance at 31 March 2021	11,108	254	–	4,767	–	16,129
Balance at 31 March 2020	15,798	598	–	8,090	–	24,486
Reportable segment liabilities						
Balance at 31 March 2021	74,134	859	–	19,757	–	94,750
Balance at 31 March 2020	19,456	11	–	25,597	–	45,064

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

	Financial services of licensed business HK$'000	Money lending services HK$'000	Sales of apparel products HK$'000	Total HK$'000
Revenue				
— From external customers	12,909	607	212,875	226,391
Reportable segment revenue	12,909	607	212,875	226,391
Reportable segment profit/(loss)	3,895	301	(45,546)	(41,350)
Bank interest income	–	–	5	5
Depreciation of non-financial assets	(900)	–	(4,234)	(5,134)
ECL of loan and interest receivables	–	(163)	–	(163)
Written off of property, plant and equipment	–	–	(754)	(754)
Loss on sales of financial assets at FVTPL	–	–	(38,100)	(38,100)
Fair value loss on financial assets at FVTPL, net	–	–	(1,171)	(1,171)
Finance costs	(23)	–	(225)	(248)

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Reconciliations of reportable segment profit/(loss), assets and liabilities

Profit/(loss)	2021 HK$'000	2020 HK$'000
Reportable segment profit/(loss)	**224,829**	(41,350)
— Gains on sales of financial assets at FVTPL	**138**	–
— Fair value gains on financial assets at FVTPL	**37,605**	–
— Finance costs	**(466)**	–
— Depreciation of right-of-use assets	**(887)**	–
— Unallocated corporate expenses	**(43,427)**	(10,511)
Consolidated profit/(loss) before income tax	**217,792**	(51,861)

Assets	2021 HK$'000	2020 HK$'000
Reportable segment assets, after elimination of inter-segment balances	**433,745**	210,372
— Financial assets at FVTPL		
— Unlisted equity securities — outside Hong Kong	**71,204**	–
— Unlisted investment fund	**119,106**	–
— Other corporate assets	**3,886**	742
Consolidated total assets	**627,941**	211,114

Liabilities	2021 HK$'000	2020 HK$'000
Reportable segment liabilities, after elimination of inter-segment balances	**94,750**	45,064
Promissory note	**22,376**	–
Bonds payable	**6,000**	–
Other corporate liabilities	**4,258**	1,036
Consolidated total liabilities	**127,384**	46,100

Revenue from external customers is analysed by region as follows:

	2021 HK$'000	2020 HK$'000
Revenue from sales of apparel products:		
Europe	**78,640**	136,936
America	**42,918**	56,630
Middle East	**5,886**	14,257
Asia Pacific (including Hong Kong)	**6,031**	5,052
	133,475	212,875
Revenue from provision of financial services of licensed business:		
Hong Kong	**288,218**	12,909
Revenue from provision of money lending services:		
Hong Kong	**4,858**	607
	426,551	226,391

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets; and the location of the operations to which they are allocated, in the case of intangible assets and goodwill. Specified non-current assets do not include deferred tax assets and financial instruments for the purpose of geographical information disclosure.

The Group's operations are principally located in Hong Kong and Singapore.

The Group's information about its specified non-current assets by geographical locations are detailed below:

	Specified non-current assets	
	2021	2020
	HK$'000	HK$'000
Hong Kong	**23,895**	19,709
Singapore	**8,073**	–
	31,968	19,709

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

	2021	2020
	HK$'000	HK$'000
Customer A	**N/A***	42,031
Customer B	**48,373**	41,177
Customer C	**N/A***	27,236
Customer D	**124,333**	N/A*

Note: During the year ended 31 March 2021, revenue from customer B and D of the Group's segment of sales of apparel products and segment of financial services of licensed business amounting to approximately HK$48,373,000 (2020: HK$41,177,000) and HK$124,333,000 (2020: N/A), respectively, which represented approximately 11% (2020: 18%) and 29% (2020: N/A), respectively, of the Group's consolidated revenue.

During the year ended 31 March 2020, revenue from customer A and C of the Group's sales of apparel segment amounting to approximately HK$42,031,000 and HK$27,236,000, respectively, which represented approximately 19% and 12%, respectively, of the Group's consolidated revenue.

* Revenue from this customer is less than 10% of total revenue of the Group for the year ended 31 March 2021 or 2020.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Liabilities related to contracts with customers

The consideration received in advance as prepayments from customers amounting to HK$6,717,000 (2020: HK$1,280,000) are for financial advisory service; consideration received in advance as prepayments from customers amounting to HK$6,204,000 (2020: HK$Nil) is for investment management service and consideration received in advance as prepayments from customers amounting to HK$1,621,000 (2020: HK$832,000) are for sales of apparel products. The contract liabilities are regards as short term as the respective revenue is expected to be recognised within one year when the services are performed or goods are delivered.

The significant increase in contract liabilities are mainly consist of received in advance as prepayments from customers for financial advisory service and investment management service.

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

	2021 **HK$'000**	2020 HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**2,112**	1,856

6. OTHER GAINS/(LOSSES), NET

	2021 **HK$'000**	2020 HK$'000
Gains/(losses) on sales of financial assets at FVTPL, net	**14,947**	(38,100)
Fair value gains/(losses) on financial assets at FVTPL, net	**63,348**	(1,171)
Net loss on deconsolidation of a subsidiary (note 37)	**(696)**	–
Dividend income from financial assets at FVTPL	**1,614**	268
Government grants (note (a))	**2,199**	–
Written off of property, plant and equipment (note 16)	**–**	(754)
Foreign exchange gain	**1,423**	–
Others	**162**	325
	82,997	(39,432)

Note (a):

Being the grants received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes under the Anti-epidemic Fund as launched by the Government of the Hong Kong Special Administrative Region.

7. EXPENSES BY NATURE

	2021 HK$'000	2020 HK$'000
Cost of goods sold	**114,636**	190,477
Cost of services	**64,023**	1,000
Sales commission	**1,465**	2,579
Incentive fee	**175**	293
Provision for impairment of prepaid incentive fee	**–**	118
Depreciation of property, plant and equipment (note 16)	**939**	924
Depreciation of right-of-use assets (note 17)	**5,791**	4,210
Short-term leases in respect of		
— office	**72**	7
— staff quarter	**–**	396
— car park	**245**	206
— warehouse	**–**	550
Auditors' remuneration		
— Audit services	**1,100**	806
Employee benefit expenses (note 8)	**64,188**	21,111
Entertainment and travelling expenses	**7,454**	1,923
ECL on trade receivables (note 20)	**756**	–
ECL on loan and interest receivables, net (note 21)	**1,775**	163
Share options granted to eligible participants other than directors and employees	**610**	1,792
Consultancy fee	**10,208**	5,257
Legal and professional fee	**4,587**	472
License expenses	**2,070**	73
Other expenses	**9,600**	6,220
Total cost of sales, selling expenses, general and administrative expenses and ECL of receivables	**289,694**	238,577

8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 HK$'000	2020 HK$'000
Salaries, bonus and other short-term employee benefits	**32,069**	18,149
Share options granted to employees and directors (note 11)	**31,351**	2,477
(Reversal of provision for)/provision for unutilised annual leave	**(143)**	20
Pension costs — defined contribution plans	**911**	465
	64,188	21,111

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$'000**	**Employer's contribution to a retirement benefit scheme HK$'000**	**Total HK$'000**
Year ended 31 March 2021					
Executive directors					
Ms. Jiang Xinrong ("**Ms. Jiang**") (note (i))	**672**	**753**	**–**	**28**	**1,453**
Mr. Chen Ningdi ("**Mr. Chen**") (note (i))	**837**	**941**	**955**	**30**	**2,763**
Non-executive directors					
Mr. Li Ren ("**Mr. Li**")	**240**	**–**	**955**	**–**	**1,195**
Mr. Chan Kwun Wah Derek	**219**	**–**	**–**	**–**	**219**
Independent non-executive directors					
Ms. Luk Huen Ling Claire ("**Ms. Luk**") (Resigned on 30 September 2020) (note (vii))	**60**	**–**	**–**	**–**	**60**
Mr. Chang Eric Jackson	**120**	**–**	**–**	**–**	**120**
Mr. Chen Cheng-Lien	**122**	**–**	**–**	**–**	**122**
Mr. Liu Chun ("**Mr. Liu**") (Appointed on 22 April 2020) (note (vi))	**113**	**–**	**420**	**–**	**533**
	2,383	**1,694**	**2,330**	**58**	**6,465**

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 2020						
Executive directors						
Mr. Cheung Lui ("**Mr. Cheung**") (Resigned on 27 March 2020) (notes (i) and (iii))	120	640	–	400	24	1,184
Mr. Chak Ka Wai ("**Mr. Chak**") (notes (i) and (ii))	10	900	–	–	19	929
Mr. Yu Xiu Yang ("**Mr. Yu**") (Resigned on 19 November 2019) (note (iv))	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 (v))	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	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	120	–	–	–	–	120
Mr. Chen Cheng-Lien (Appointed on 27 March 2020)	2	–	–	–	–	2
	2,930	1,540	2,477	400	60	7,407

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 2021 and 2020.

(ii) Mr. Chak resigned as chief financial officer of the Company with effect from 27 March 2020.

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

(iv) 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.

(v) 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.

(vi) Mr. Liu was appointed as independent non-executive of the Company director with effect from 22 April 2020.

(vii) Ms. Luk resigned as independent non-executive director of the Company with effect from 30 September 2020.

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

During the year ended 31 March 2021, there were no retirement benefits paid to directors (2020: Nil) in respect of the services as a director of the Company and its subsidiaries.

During the year ended 31 March 2021, there was no benefits provided for early termination of the directors' appointment in office (2020: Nil).

No consideration was provided to third parties for making available of directors' services during the year ended 31 March 2021 (2020: Nil).

During the year ended 31 March 2021, there was no arrangement in relation to loans, quasi-loans and other dealings between the Group and the directors (2020: 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 36 (2020: Nil).

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2020: 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 2.19 and 4.2. 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 2020/2021 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 2 (2020: 4) directors and executives whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining 3 (2020: 1) individuals during the year ended 31 March 2021 and 2020 are as follows:

	2021 **HK$'000**	2020 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**3,340**	1,218
Share based payment	**5,594**	–
Bonus	**1,600**	100
	10,534	1,318

The emoluments of the remaining individual fell within the following bands during the years ended 31 March 2021 and 2020:

	Number of individuals	
	2021	2020
Between HK$1,000,001 and HK$1,500,000	**–**	1
Between HK$1,500,001 and HK$2,000,000	**1**	–
Between HK$2,000,001 and HK$2,500,000	**1**	–
Between HK$5,000,001 and HK$5,500,000	**1**	–

11. SHARE-BASED PAYMENTS

The Company has a Share Option Scheme which was adopted on 22 September 2015 ("Share Option Scheme") 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 17 August 2020, the Group granted a total of 54,500,000 share options under the Share Option Scheme with no vesting period. Among the 54,500,000 share options, 41,500,000 of which has an exercise price of HK$0.9 to subscribe for one ordinary share and the remaining 13,000,000 of which has an exercise price of HK$1.00 to subscribe for one ordinary share.

Name	**Position held/relationship with the Company**	**Number of shares options granted**
Mr. Chen	Executive director	5,500,000
Mr. Li	Non-executive director	5,500,000
Mr. Liu	Independent non-executive director	3,000,000
Employees	Not applicable	36,000,000
External consultants	Not applicable	4,500,000

The above exercise price is not lower than the highest of (i) the closing price of HK$0.88 per share as quoted in the Stock Exchange's daily quotation sheet on the grant date; (ii) the average closing price of HK$0.876 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 19 November 2020, the Group granted a total of 53,000,000 share options under the Share Option Scheme with no vesting period. The share options have an exercise price of HK$2.50 to subscribe for one ordinary share of HK$0.01 each.

Name	**Position held/relationship with the Company**	**Number of shares options granted**
Employees	Not applicable	53,000,000

The above exercise price is not lower than the highest of (i) the closing price of HK$2.30 per share as quoted in the Stock Exchange's daily quotation sheet on the grant date; (ii) the average closing price of HK$2.148 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.

11. SHARE-BASED PAYMENTS *(Continued)*

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 the Company of HK$0.01 each, and the remaining 20,230,000 of which has an exercise price of HK$0.5 to subscribe for one ordinary share of HK$0.01 each.

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

The above exercise price is not lower than the highest 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.

As at 31 March 2021 and 2020, details of each share options granted are set out below:

Date of grant	Option type	Exercisable period	Estimate option life	Exercise price
				HK$
27 October 2017	2017A	27 October 2017 to 27 October 2027	3.4 years	0.482
27 October 2017	2017B	27 October 2017 to 27 October 2027	5 years	0.482
27 October 2017	2017C	27 October 2017 to 27 October 2027	10 years	0.482
27 April 2018	2018	27 April 2018 to 27 April 2028	10 years	0.425
15 August 2019	2019A	15 August 2019 to 14 August 2022	3 years	0.476
15 August 2019	2019B	15 August 2019 to 14 August 2022	3 years	0.500
17 August 2020	2020A	17 August 2020 to 16 August 2023	3 years	0.900
17 August 2020	2020B	17 August 2020 to 16 August 2023	3 years	1.000
19 November 2020	2020C	19 November 2020 to 18 November 2023	3 years	2.500

11. SHARE-BASED PAYMENTS *(Continued)*

11.1 Movement in share options

As at 31 March 2021	Option type	Outstanding at 1 April 2020	Granted during the year	Exercised during the year	Outstanding at 31 March 2021
Directors					
Mr. Li	**2019A**	**11,238,000**	**–**	**(11,238,000)**	**–**
Mr. Li	**2020A**	**–**	**5,500,000**	**(5,500,000)**	**–**
Mr. Chen	**2020A**	**–**	**5,500,000**	**(5,500,000)**	**–**
Mr. Liu	**2020B**	**–**	**3,000,000**	**–**	**3,000,000**
Sub-total		**11,238,000**	**14,000,000**	**(22,238,000)**	**3,000,000**
Employee(s) of the Group	**2020A**	**–**	**30,500,000**	**(30,500,000)**	**–**
	2020B	**–**	**5,500,000**	**–**	**5,500,000**
	2020C	**–**	**53,000,000**	**–**	**53,000,000**
Sub-total		**–**	**89,000,000**	**(30,500,000)**	**58,500,000**
Other participants	**2017A**	**10,000,000**	**–**	**(10,000,000)**	**–**
	2017C	**10,000,000**	**–**	**(10,000,000)**	**–**
	2018	**20,000,000**	**–**	**(20,000,000)**	**–**
	2019A	**11,238,000**	**–**	**(11,238,000)**	**–**
	2020B	**–**	**4,500,000**	**(3,000,000)**	**1,500,000**
Sub-total		**51,238,000**	**4,500,000**	**(54,238,000)**	**1,500,000**
Total		**62,476,000**	**107,500,000**	**(106,976,000)**	**63,000,000**

As at 31 March 2021	Outstanding at 1 April 2020	Granted during the year	Exercised during the year	Outstanding at 31 March 2021
Weighted average exercise price per share (HK$ (approximate))	**0.462**	**1.701**	**0.647**	**2.262**
Weighted average remaining contractual life of options outstanding as at 31 March 2021				**2.59 years**
Number of options exercisable as at 31 March 2021				**63,000,000**
Weighted average exercise price per share of options exercisable as at 31 March 2021 (HK$)				**2.262**

11. SHARE-BASED PAYMENTS *(Continued)*

11.1 Movement in share options *(Continued)*

As at 31 March 2020	Option type	Outstanding at 1 April 2019	Granted during the year	Exercised during the year	Outstanding at 31 March 2020
Directors					
Ms. Luk Huen Ling Claire	2018	10,000,000	–	(10,000,000)	–
Ms. Jiang	2019A	–	10,115,000	(10,115,000)	–
Mr. Li	2019A	–	11,238,000	–	11,238,000
Sub-total		10,000,000	21,353,000	(20,115,000)	11,238,000
Employee(s) of the Group	2017B	10,000,000	–	(10,000,000)	–
	2017C	10,000,000	–	(10,000,000)	–
	2018	10,000,000	–	(10,000,000)	–
	2019B	–	20,230,000	(20,230,000)	–
Sub-total		30,000,000	20,230,000	(50,230,000)	–
Other participants	2017A	10,000,000	–	–	10,000,000
	2017C	10,000,000	–	–	10,000,000
	2018	40,000,000	–	(20,000,000)	20,000,000
	2019A	–	11,238,000	–	11,238,000
Sub-total		60,000,000	11,238,000	(20,000,000)	51,238,000
Total		100,000,000	52,821,000	(90,345,000)	62,476,000

As at 31 March 2020	Outstanding at 1 April 2019	Granted during the year	Exercised during the year	Outstanding at 31 March 2020
Weighted average exercise price per share (HK$ (approximate))	0.448	0.485	0.460	0.462
Weighted average remaining contractual life of options outstanding as at 31 March 2020				4.80 years
Number of options exercisable as at 31 March 2020				62,476,000
Weighted average exercise price per share of options exercisable as at 31 March 2020 (HK$)				0.462

The share options outstanding at 31 March 2021 had exercise prices of HK$1 to HK$2.5 (2020: HK$0.425 to HK$0.482).

During the year ended 31 March 2021, there was no lapse or cancellation of share options (2020: Nil).

The weighted average share price for share options exercised during the year at the date of exercise was HK$0.647 (2020: HK$0.460).

During the year ended 31 March 2021, share-based payment expense in relation to share options granted to the directors (including executive director and non-executive director), employees and the external consultants were HK$2,330,000, HK$29,021,000 and HK$610,000 (2020: HK$2,477,000, HK$Nil and HK$1,792,000) 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 2021 and 2020 were derived from Binomial option pricing model by applying the following bases and assumptions:

	For the year ended 31 March 2021 Share options granted to					
	Employees	**Mr. Li and Mr. Chen**	**Mr. Liu**	**Employees**	**Employees**	**External consultants**
Grant date	**19/11/2020**	**17/8/2020**	**17/8/2020**	**17/8/2020**	**17/8/2020**	**17/8/2020**
Number of options granted	**53,000,000**	**11,000,000**	**3,000,000**	**30,500,000**	**5,500,000**	**4,500,000**
Option life (note (i))	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**	**3 years**
Risk-free rate (note (ii))	**0.2%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**	**0.1%**
Volatility (note (iii))	**43.90%**	**37.27%**	**37.27%**	**37.27%**	**37.27%**	**37.27%**
Dividend yield	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Fair value per share option at grant date	**HK$0.44314**	**HK$0.17364**	**HK$0.13992**	**HK$0.15884**	**HK$0.12537**	**HK$0.13559**
Total fair value for each batch	**HK$23,486,000**	**HK$1,910,000**	**HK$420,000**	**HK$4,845,000**	**HK$690,000**	**HK$610,000**

Notes:

(i) The option file was determined with reference to the terms of the Share Option Scheme and granted date and maturity dates of the options.

(ii) The risk-free rate was determined with reference to the yield of Hong Kong Government Bonds and Treasury Bills as extracted from Bloomberg 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 historical daily stock prices of the Company.

	For the year ended 31 March 2020 Share options granted to	
	Ms. Jiang, Mr. Yu and Mr. Li	External consultants
Grant date	15/8/2019	15/8/2019
Number of options granted	32,591,000	20,230,000
Option life (note (i))	3 years	3 years
Risk-free rate (note (ii))	1.4%	1.4%
Volatility (note (iii))	30.57%	30.57%
Dividend yield	0%	0%
Fair value per share option at grant date	HK$0.0760	HK$0.0886
Total fair value for each batch	HK$2,477,000	HK$1,792,000

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.

11. SHARE-BASED PAYMENTS *(Continued)*

11.2 Fair value of share options and assumptions *(Continued)*

The fair value of the share options during the years ended 31 March 2021 is arrived at on the basis of a valuation carried out at the grant date by Roma Appraisals Limited (2020: 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 2021 determined using the Binomial option pricing model was HK$0.2973 per share option (2020: HK$0.081).

The outstanding share options as at 31 March 2021 had a weighted average remaining contractual life of 2.59 years (2020: 4.80 years).

At 31 March 2021, the Company had 63,000,000 (2020: 62,476,000) share options outstanding under the Share Option Scheme, which represented approximately 4.5% (2020: 5.2%) 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.

When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained earnings.

12. FINANCE COSTS, NET

	2021 **HK$'000**	2020 HK$'000
Finance income		
Bank interest income	**10**	5
Finance costs		
Interest expenses on bank borrowings	**(18)**	(23)
Interest expenses on lease liabilities	**(233)**	(225)
Interest expenses on bonds payable	**(84)**	–
Interest expenses on brokerage service	**(751)**	–
Interest expenses on other payables	**(645)**	–
Interest expenses on promissory note	**(341)**	–
	(2,072)	(248)
Finance costs, net	**(2,062)**	(243)

13. INCOME TAX EXPENSE/(CREDIT)

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

	2021	2020
	HK$'000	HK$'000
Current income tax		
— Hong Kong	**16,474**	102
	16,474	102
Deferred tax		
— Hong Kong (note 19)	**520**	(554)
Total	**16,994**	(452)

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% (2020: 8.25%), and profits above HK$2 million will be taxed at 16.5% (2020: 16.5%). The profits of group entities is qualifying for the two- tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2020: 16.5%). The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

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

	2021	2020
	HK$'000	HK$'000
Profit/(loss) before income tax	**217,792**	(51,861)
Tax calculated at domestic tax rates applicable to profits/(loss) in the respective jurisdiction	**17,567**	(8,554)
Expenses not deductible for tax purposes	**2,717**	8,760
Income not subject to taxation	**(3,290)**	(820)
Tax losses not recognised	**–**	1,072
Utilisation of previously unrecognised tax loss	**–**	(725)
Tax deduction	**–**	(20)
Others	**–**	(165)
Income tax expense/(credit)	**16,994**	(452)

For the year ended 31 March 2021, the weighted average applicable tax rate was 7.8% (2020: Nil) becomes positive because the Group had excessive profits for the year ended 31 March 2021.

14. DIVIDENDS

On 18 November 2020, the Board resolved to approve an interim dividend of HK$0.0068 per ordinary share for the six months ended 30 September 2020. Total dividend of approximately HK$9,497,000 was paid out.

The final dividend in respect of the year ended 31 March 2021 of HK$0.0358 per share, amounting to a total dividend of approximately HK$49,999,000 was resolved by the Board to propose on 24 June 2021, which is subject to approval at the annual general meeting of the Company to be held on 9 September 2021. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but reflected as an appropriation of retained earnings for the year ended 31 March 2021.

15. EARNINGS PER SHARE

15.1 Basic

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

	2021	2020
Profit/(loss) attributable to owners of the Company (HK$'000)	**200,798**	(51,409)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**1,333,287,860**	1,124,293,689
Basic earnings/(loss) per share (HK cents per share)	**15.06**	(4.57)

15.2 Diluted

	2021	2020
Profit/(loss) attributable to owners of the Company (HK$'000)	**200,798**	(51,409)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**1,333,287,860**	1,124,293,689
Effect of dilutive potential ordinary shares		
— Share options	**5,685,454**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	**1,338,973,314**	1,124,293,689
Diluted earnings/(loss) per share (HK cents per share)	**15.00**	(4.57)

Notes:

(i) The calculation of the diluted earnings per share for the year ended 31 March 2021 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 2020						
Opening net book value	566	31	46	105	363	1,111
Acquisition through business combinations	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
Year ended 31 March 2021						
Opening net book value	**1,562**	**566**	**35**	**104**	**157**	**2,424**
Acquisition through business combinations (note 37)	**–**	**–**	**9**	**–**	**–**	**9**
Additions	**498**	**214**	**18**	**84**	**–**	**814**
Depreciation	**(514)**	**(178)**	**(21)**	**(69)**	**(157)**	**(939)**
Closing net book value	**1,546**	**602**	**41**	**119**	**–**	**2,308**
At 31 March 2021						
Cost	**5,466**	**985**	**989**	**369**	**1,030**	**8,839**
Accumulated depreciation	**(3,920)**	**(383)**	**(948)**	**(250)**	**(1,030)**	**(6,531)**
Net book value	**1,546**	**602**	**41**	**119**	**–**	**2,308**

Depreciation expenses of approximately HK$939,000 (2020: HK$924,000) have been charged to the general and administrative expenses for the year ended 31 March 2021.

17. RIGHT-OF-USE ASSETS

	Total
	HK$'000
As at 1 April 2019	6,700
Additions	839
Acquisition through business combinations	1,335
Depreciation for the year	(4,210)
As at 31 March 2020 and 1 April 2020	4,664
Additions	10,881
Depreciation for the year (note 7)	(5,791)
As at 31 March 2021	**9,754**

The Group has obtained the right to use office and staff premises through tenancy agreements. The leases typically run on an initial period of one to three years (2020: one to two years). Right-of-use assets amounting to HK$1,335,000 was acquired through business combination during the year ended 31 March 2020.

Depreciation expenses of right-of-use assets approximately HK$5,791,000 (2020: HK$4,210,000) have been charged to the general and administrative expenses for the year ended 31 March 2021. The total additions to right-of-use assets amounted to HK$10,881,000 (2020: HK$839,000) for the year ended 31 March 2021.

18. INTANGIBLE ASSETS

Intangible assets included the Securities and Futures Commission (the "**SFC**") License Types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) and Money Lending License of the subsidiaries. The Group regards these licenses to have an indefinite useful life and are carried at cost less any subsequent accumulated impairment losses. The carrying amounts of SFC License Types 1,4 and 6 and Money Lending License are HK$11,748,000 (2020:HK$11,748,000) and HK$500,000 (2020: HK$500,000), respectively as at 31 March 2021.

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, 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.

For the years ended 31 March 2021 and 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: 2.5%).

	2021	2020
Discount rate	**20.99%**	19.85%
Operating profit margin	**4%–8%**	4%–8%
Growth rate within the five-year period	**1.0%**	1.0%

18. INTANGIBLE ASSETS *(Continued)*

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% (2020: 2.5%).

	2021	2020
Discount rate	**20.99%**	19.85%
Operating profit margin	**83%**	83%
Growth rate within the five-year period	**1.0%**	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 tax assets is as follows:

	2021 **HK$'000**	2020 HK$'000
Deferred income tax assets:		
Recoverable after 12 months	**312**	832

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

	Decelerated tax depreciation HK$'000
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 and 1 April 2020	**832**
Debited to the consolidated statement of profit or loss and other comprehensive income (note 13)	**(520)**
At 31 March 2021	**312**

The Group did not recognise deferred income tax assets in respect of cumulative tax losses of HK$2,310,000 (2020: HK$2,310,000) 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

	2021 HK$'000	2020 HK$'000
Gross trade receivables (excluding margin receivables and receivables from financial advisory services and investment management services)	**27,854**	21,509
Gross trade receivables — investment management services	**130,489**	–
Gross trade receivables — margin receivables (note (a))	**33,399**	7,712
Gross trade receivables — financial advisory services	**11,336**	711
Gross bills receivables	**–**	1,924
	203,078	31,856
Less: Provision for expected credit loss (note 7)	**(756)**	–
Trade and bills receivables, net of provision	**202,322**	31,856
Prepaid incentive fee	**–**	175
Payment in advance to suppliers	**2,232**	3,918
Deposits	**1,716**	1,955
Prepayments	**1,496**	316
Amount due from a related party (note (d))	**1,365**	–
Other receivables and deposits (note (c))	**3,894**	43,240
Total trade, bills and other receivables, prepayments and deposits	**213,025**	81,460
Less: Non-current portion		
Long-term portion of deposits	**(1,716)**	(1,955)
	211,309	79,505

Notes:

(a) Margin receivables are secured by the client's pledged securities with undiscounted market value of approximately HK$176,678,000 as at 31 March 2021 (2020: HK$17,123,000) 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 2021 (31 March 2020: Nil).

(b) ECL allowance of HK$756,000 was recognised for trade, bills and other receivables as at 31 March 2021 (2020: Nil).

(c) As at 31 March 2020, the balance includes cheque in transit related to the exercise of options by respective option holders under the Share Option Scheme and the amount had been fully settled during the year ended 31 March 2021.

(d) As at 31 March 2021, the amount due from a related party amounting to HK$1,365,000 is unsecured, interest-free and repayable on demand.

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 (2020: 90 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 2021 and 2020, the aging analysis of trade and bills receivables net ECL allowance of HK$756,000 (except margin receivables) based on invoice date is as follows:

	2021 **HK$'000**	2020 HK$'000
1 to 30 days	**147,833**	5,003
31 to 60 days	**10,687**	995
61 to 90 days	**1,474**	8,604
Over 90 days	**8,929**	9,542
	168,923	24,144

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. For margin receivables, the Group applied the general approach in calculating ECL and recognise an ECL allowance based on lifetime ECL at each reporting date. Margin receivables have been grouped based on the shortfall of loan balances over the respective collateral amounts and the days past due.

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 securities 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:

	2021 **HK$'000**	2020 HK$'000
US$	**29,208**	23,393
HK$	**183,556**	58,066
RMB	**200**	1
SG$	**61**	–
	213,025	81,460

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 2021 and 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$ and Renminbi ("**RMB**").

	2021	2020
	HK$'000	HK$'000
Loan receivables	**92,781**	31,900
Interest receivables	**1,858**	607
	94,639	32,507
Less: Provision for ECL on loan and interest receivables — Stage 1 (note 7)	**(1,938)**	(163)
Loan and interest receivables, net of provision	**92,701**	32,344

Loan receivables are unsecured, interest bearing from 8%–20% (2020: 8%–20%) per annum and repayable in fixed term agreed with customers. Interest receivables are unsecured, interest bearing from 0%–36% (2020: 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 39.4.

	Loan receivables	**Interest receivables**	**Total**
	HK$'000	HK$'000	HK$'000
Balance as at 1 April 2019	–	–	–
New loan originated	31,900	607	32,507
ECL allowance under 12 month ECL (Stage 1) recognised during the year	(160)	(3)	(163)
Balance at 31 March and 1 April 2020	31,740	604	32,344
New loan originated	88,081	4,539	92,620
Amounts recovered or repaid during the year	(27,200)	(3,288)	(30,488)
Reversal of ECL allowance on loan and interest receivables	160	3	163
ECL allowance under 12 month ECL (Stage 1) recognised during the year	(1,896)	(42)	(1,938)
Balance at 31 March 2021	90,885	1,816	92,701

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

	Notes	**2021 HK$'000**	2020 HK$'000
Non-current portion			
Listed securities:			
Equity securities — Hong Kong		**260**	7,243
Non-listed securities			
Investment fund	(i)	**119,106**	–
Equity investment — outside Hong Kong	(ii)	**71,204**	–
		190,570	7,243

Notes:

(i) The fair value of the unlisted investment fund is based on the net asset value of the investment fund reported to the limited partners by the general partners at the end of the reporting period. The fair value change is recorded in the other gains/(losses), net in the consolidated statement of profit or loss and other comprehensive income.

(ii) It represents investment in an unlisted company related to the acquisition of 27.06% of the interest in the Carmel Reserve LLC as the non-voting class B membership interest. For details, please refer to note 36(a).

The fair value of financial assets at FVTPL are at Level 1, Level 2 and Level 3 of the financial value hierarchy (note 39.7). Information about the Group's exposure to price risk is provided in note 39.5.

23. CASH AND CASH EQUIVALENTS

	2021 HK$'000	2020 HK$'000
Cash at banks	**56,161**	50,676
Bank balance — trust (note (a))	**43,033**	14,706
Maximum exposure to credit risk	**99,194**	65,382
Cash on hand	**61**	69
Cash and cash equivalents per the consolidated statement of cash flows	**99,255**	65,451

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.

23. CASH AND CASH EQUIVALENTS *(Continued)*

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

	2021 HK$'000	2020 HK$'000
HK$	**48,368**	37,117
US$	**50,510**	28,196
EUR	**–**	84
RMB	**19**	54
SG$	**358**	–
	99,255	65,451

24. SHARE CAPITAL

2021	**Number of ordinary shares**	**Nominal value of ordinary shares HK$**
Authorised share capital		
As at 31 March 2020 and 31 March 2021	**10,000,000,000**	**100,000,000**
Issued and fully paid		
As at 31 March 2020 and 1 April 2020	**1,214,145,000**	**12,141,450**
Issuance of ordinary share under Share Option Scheme (note (a))	**106,976,000**	**1,069,760**
Issuance of shares on 31 July 2020 (note (b))	**75,500,000**	**755,000**
As at 31 March 2021	**1,396,621,000**	**13,966,210**

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 (c))	90,345,000	903,450
As at 31 March 2020	1,214,145,000	12,141,450

Notes:

(a) During the year ended 31 March 2021, 106,976,000 shares were issued at subscription price from HK$0.425 to HK$1.00 to respective option holders (note 11) pursuant to their exercise of the options under the Share Option Scheme of the Company.

(b) On 31 July 2020, the Company has issued 75,500,000 ordinary shares at the subscription price of HK$0.8 per share by way of share subscription. The net proceeds, after considering the share issuance expense of HK$52,000, amounted to approximately HK$60,348,000 of which HK$755,000 was credited to the share capital account and approximately HK$59,593,000 was credited to share premium account.

(c) 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 to their exercise of the options under the Share Option Scheme of the Company.

25. RESERVES

(a) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company 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 they fall due in the ordinary course of business.

(b) Share options reserve

The share options reserve represents the cumulative charge to the consolidated statement of profit or loss and other comprehensive income for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

(c) Share held for share award scheme

The share award scheme adopted on 8 September 2020 (the "Share Award Scheme") to recognise the contributions by the Group's employees and to provide them with incentives in order to retain them for their continual operation and development of the Group; and to attract suitable personnel for further development of the Group. For details, please refer to note 26.

(d) Capital reserve

The capital reserve represents the difference between the combined capital of group subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof.

26. SHARE AWARD SCHEME

On 8 September 2020, a Share Award Scheme was approved and adopted by the Board of directors of the Company. Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 10 years from the date of adoption.

The number of shares to be award under the Share Award Scheme throughout its duration is limited to 10% of the issued share capital of the Company from time to time. The maximum number of shares which may be awarded to a selected participant under the Scheme shall not exceed one per cent (1%) of the issued share capital of the Company from time to time.

During the year ended 31 March 2021, the Company has purchased 12,260,000 (2020: Nil) ordinary shares of the Company on the Stock Exchange. The total amount paid to acquire the shares was HK$17,255,000 (2020: Nil). No share awards have been granted from this Share Award Scheme as of 31 March 2021.

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

	2021 HK$'000	2020 HK$'000
Trade and bills payables	**9,964**	11,662
Trade payables to securities brokerage clients (note 27.1)	**34,653**	14,706
Contract liabilities	**14,542**	2,112
Provision for reinstatement cost	**250**	250
Accrued employee benefits expenses	**357**	523
Other payables (note (b))	**6,644**	2,951
Amount due to clearing house	**5,310**	2,652
Amounts due to related parties (note (a))	**7,466**	–
	79,186	34,856
Less: Non-current portion		
Provision for reinstatement cost	**(250)**	(250)
	78,936	34,606

Notes:

(a) As at 31 March 2021, the amounts due to related parties amounting to HK$7,466,000 are unsecured, interest-free and repayable on demand.

(b) It mainly represents accruals of audit fee, consultancy fee, sales commission and other operating expenses.

27.1. Trade payables to securities brokerage clients

	2021 HK$'000	2020 HK$'000
Trade payables from the business of dealing in securities:		
Current:		
— Trade payables — margin clients	**26,020**	118
— Trade payables — cash clients	**8,633**	14,588
	34,653	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.

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

The carrying amounts of trade, bills and other payables approximated their fair values. The Group was granted by its suppliers credit periods ranging from 30–60 days. Based on the invoice dates, the ageing analysis of the trade and bills payables (excluding trade payables to securities brokerage clients) were as follows:

	2021	2020
	HK$'000	HK$'000
1 to 30 days	**5,613**	723
31 to 60 days	**110**	2,189
61 to 90 days	**837**	976
Over 90 days	**3,404**	7,774
Total trade and bills payables	**9,964**	11,662

28. PROMISSORY NOTE

The Group has acquired 27.06% non-voting Class B membership interest in Carmel Reserve LLC. Consideration of US$3,500,000 was settled by issuing promissory note. As at 31 March 2021, the promissory note was no interest bearing and repayable within one year.

The following table shows the remaining contractual maturities of the promissory note:

	2021
	HK$'000
Total minimum payments:	
Due within one year	**23,400**
Imputed interest on promissory note	**(1,024)**
Present value of promissory note	**22,376**

29. SUBSIDIARIES

Details of the subsidiaries held by the Company as at 31 March 2021 and 2020 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/ registered capital	Equity interest held as at 31 March 2021	2020
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%
DL Alternative Investments Limited (note (f))	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	US$100	**100%**	–
DL Asset Management Limited ("**DL Asset Management**") (note (f))	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	US$100	**100%**	–
DJT Partner Limited	Cayman Islands, limited liability company	Cayman Islands	Investment holding	US$1	**100%**	–
Four Seasons Investment Management Limited (note (a))	Cayman Islands, limited liability company	Cayman Islands	Investment management	US$1,000	**100%**	–
DL General Partner (HK) Limited (note (e))	Hong Kong, limited liability company	Hong Kong	Investment holding	HK$15,000,000	**100%**	–
Heritage Global Management Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	US$100	**100%**	–
Instant Glad Investments Limited	British Virgin Islands, limited liability company	British Virgin Islands	Investment holding	US$100	**100%**	–
DL Investment Holdings US, LLC	United States, limited liability company	United States	Investment holding	US$2,000,000	**100%**	–

29. 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/ registered capital	Equity interest held as at 31 March 2021	2020
Indirectly held						
Seazon Pacific Limited	Hong Kong, limited liability company	Hong Kong	Sales of apparel product 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 product 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%
DL Securities (HK) Limited (note (b))	Hong Kong, limited liability company	Hong Kong	Provision of financial advisory services and securities brokerage business	HK$87,150,000 (2020: HK$52,000,000)	**100%**	100%
DA Finance (HK) Limited (note (b))	Hong Kong, limited liability company	Hong Kong	Provision of equity pledge financing services and money lending services	HK$10,010,000 (2020: HK$10,000)	**100%**	100%
DL Capital (HK) Limited (note (e))	Hong Kong, limited liability company	Hong Kong	Asset management	HK$5,000,000	**100%**	–
DL Family Office Pte. Ltd (note (a))	Singapore, limited liability company	Singapore	Investment management	SG$1,244,000	**100%**	–
Shanghai Linyu Enterprise Management Co., Ltd. (note (c), (d) & (g)) 上海林譽企業管理有限公司*	People's Republic of China, limited liability company	People's Republic of China	Investment holding	RMB3,000,000	**100%**	–

Notes:

(a) During the year ended 31 March 2021, the Group acquired Four Seasons and DL Family from an external party and a substantial shareholder respectively. Further details of the acquisition are included in note 37 to the consolidated financial statements.

(b) During the year ended 31 March 2020, the Group acquired DL Securities and DA Finance from the substantial shareholder. Further details of the acquisition are included in note 37 to the consolidated financial statements.

(c) The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

(d) This entity is established in the PRC during the year ended 31 March 2021.

(e) This entity is incorporated in Hong Kong during the year ended 31 March 2021.

(f) These entities are incorporated in BVI during the year ended 31 March 2021.

(g) No paid up share capital as at 31 March 2021.

30. BANK BORROWINGS

	2021 **HK$'000**	2020 HK$'000
Current bank borrowings	**–**	6,362

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

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

The carrying amounts of the bank borrowings as at 31 March 2020 were denominated in United States Dollars ("**US$**") and approximated their fair values.

During the year ended 31 March 2021, all the bank borrowings had been repaid.

31. LEASE LIABILITIES

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

	2021 **HK$'000**	2020 HK$'000
Total minimum lease payments:		
Due within one year	**5,850**	4,678
Due in the second to fifth years	**4,878**	288
	10,728	4,966
Future finance charges on lease liabilities	**(242)**	(84)
Present value of lease liabilities	**10,486**	4,882

	2021 **HK$'000**	2020 HK$'000
Present value of minimum lease payments:		
Due within one year	**5,665**	4,594
Due in the second to fifth years	**4,821**	288
	10,486	4,882
Less: Portion due within one year included under current liabilities	**(5,665)**	(4,594)
Portion due after one year included under non-current liabilities	**4,821**	288

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 three years (2020: one to two years). The Group makes fixed payments during the contract period.

31. LEASE LIABILITIES *(Continued)*

During the year ended 31 March 2021, the Group entered into a modified contract with a lessor to revise the monthly rental. As the modification does not add the right to use one or more underlying assets, it is not accounted for as a separate lease. Accordingly, the Group remeasures the existing the lease liabilities including the lease payments for the revised monthly rental using a revised discount rate.

During the year ended 31 March 2021, the total cash outflows for the leases are HK$5,827,000 (2020: HK$5,642,000).

At 31 March 2021, 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 (2020: 1)	Within 1 year (2020: Within 1 year)	Subject to monthly fixed payment
Office premises	4 (2020: 2)	0.58 to 2.42 years (2020: 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.

32. BONDS PAYABLE

	2021 HK$'000
Bonds carried at fixed coupon rate of 5% per annum (note)	**6,000**

Note: The Company issued 5% coupon unlisted bonds during the year ended 31 March 2021 with the aggregate principal amount of HK$6,000,000. The amounts are repayable within 84 months from the date of issue.

33. COMMITMENTS

At the reporting date, the lease commitments for short-term leases are as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**–**	4

The Group did not have any material capital commitments as at 31 March 2021 and 2020.

34. CASH FLOW INFORMATION

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

	Notes	2021 HK$'000	2020 HK$'000
Profit/(loss) before income tax		**217,792**	(51,861)
Adjustments for:			
Finance costs	12	**2,072**	248
Finance income	12	**(10)**	(5)
Share-based payment expense	11	**31,961**	4,269
Depreciation of property, plant and equipment	7	**939**	924
Depreciation of right-of-use assets	7	**5,791**	4,210
Dividend income	6	**(1,614)**	(268)
Provision for impairment of prepaid incentive fee	7	**–**	118
Amortisation of incentive fee	7	**175**	293
ECL of trade receivables	7	**756**	–
ECL of loan and interest receivables, net	7	**1,775**	163
Net loss on deconsolidation of a subsidiary	6	**696**	–
Written off of property, plant and equipment	6	**–**	754
Fair value (gains)/losses on financial assets at FVTPL, net	6	**(63,348)**	1,171
Gains/(losses) on sales of financial assets at FVTPL, net	6	**(14,947)**	38,100
Operating profit/(loss) before working capital changes		**182,038**	(1,884)
Changes in working capital:			
Trade, bills and other receivables, prepayments and deposits		**(126,378)**	12,567
Trade, bills and other payables		**51,489**	16,440
Interest receivables		**(1,251)**	(607)
Loan receivables		**(60,881)**	(31,900)
Cash generated from/(used in) operations		**45,017**	(5,384)

34. CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of liabilities from financing activities:

	Amounts due to related parties (Note 27) HK$'000	Bonds payable (Note 32) HK$'000	Promissory note (Note 28) HK$'000	Interest-bearing bank borrowings (Note 30) HK$'000	Interest payable (Note 12) HK$'000	Lease liabilities (Note 31) HK$'000	Total HK$'000
At 1 April 2019	–	–	–	1,500	–	6,938	8,438
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 borrowings	–	–	–	–	23	–	23
Interest arising from lease liabilities	–	–	–	–	–	225	225
At 31 March 2020 and 1 April 2020	**–**	**–**	**–**	**6,362**	**–**	**4,882**	**11,244**
Addition in lease liabilities (note (c))	**–**	**–**	**–**	**–**	**–**	**10,881**	**10,881**
Capital element of lease rentals paid (note (c))	**–**	**–**	**–**	**–**	**–**	**(5,277)**	**(5,277)**
Interest element of lease rentals paid (note (c))	**–**	**–**	**–**	**–**	**–**	**(233)**	**(233)**
Repayment of short-term bank borrowings	**–**	**–**	**–**	**(6,362)**	**–**	**–**	**(6,362)**
Proceeds from issuance of bonds payable	**–**	**6,000**	**–**	**–**	**–**	**–**	**6,000**
Insurance of promissory note (note (c))	**–**	**–**	**26,276**	**–**	**–**	**–**	**26,276**
Imputed interest on promissory note	**–**	**–**	**341**	**–**	**–**	**–**	**341**
Repayment of promissory note	**–**	**–**	**(3,900)**	**–**	**–**	**–**	**(3,900)**
Interest paid	**–**	**(84)**	**(341)**	**–**	**(18)**	**–**	**(443)**
Interest arising from bonds payable	**–**	**84**	**–**	**–**	**–**	**–**	**84**
Interest arising from lease liabilities	**–**	**–**	**–**	**–**	**–**	**233**	**233**
Interest arising from bank borrowings	**–**	**–**	**–**	**–**	**18**	**–**	**18**
Increase in amounts due to related parties	**7,466**	**–**	**–**	**–**	**–**	**–**	**7,466**
At 31 March 2021	**7,466**	**6,000**	**22,376**	**–**	**–**	**10,486**	**46,328**

(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).

On 30 December 2020, The Group acquired 27.06% non-voting Class B membership interest in Carmel Reserve LLC. Consideration of US$3,500,000 (Approximately HK$27,300,000) was settled by issuing promissory note (note 28).

Additions of right of used asset and lease liabilities amounting to HK$10,881,000 (2020 HK$839,000) were recognised during the year ended 31 March 2021.

35. CONTINGENT LIABILITIES

The Group did not has material contingent liabilities as at 31 March 2021 and 2020.

36. RELATED PARTY TRANSACTIONS

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

(i) 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.

(ii) On 5 February 2021, DL Asset Management Limited ("**DL Asset Management**"), a wholly-owned subsidiary of the Company, entered into an agreement pursuant to which DL Asset Management has agreed to acquire, and Mr. Chen, a substantial shareholder of the target company, has agreed to sell the entire share capital of DL Family for a cash consideration of SG$1.

DL Family is a private company incorporated in Singapore and licensed by the Monetary Authority of Singapore ("**MAS**") for commencement of asset management service business as a Registered Fund Management Company ("**RFMC**") in Singapore. The acquisition of DL Family was completed on 5 February 2021.

(iii) On 21 August 2020, DL Investment Holdings US, LLC and Carmel Reserve LLC entered into a subscription agreement. The Company has acquired 27.06% of the interest in the Carmel Reserve LLC as the non-voting class B membership interest at the consideration of US$5,000,000 (equivalent to approximately HK$39,000,000). The subscription was completed during the year ended 31 March 2021.

Please refer to the Company's announcements on 21 August 2020 and 30 December 2020 and the circular of the Company dated 20 November 2020 for more details.

36. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties

The Group had the following material transactions with related parties during the year:

Name of company	Maximum amount outstanding during the year HK$'000	2021 HK$'000	2020 HK$'000
Amount due from a related party controlled by Mr. Chen Ningdi and Ms. Jiang Xinrong	1,365	**1,365**	–
Amounts due to related parties controlled by Mr. Chen Ningdi and Ms. Jiang Xinrong	–	**7,466**	–

(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:

	2021 HK$'000	2020 HK$'000
Salaries, bonus and other short-term employee benefits	**8,548**	7,596
Share-based payment expenses	**7,504**	2,477
Pension costs — defined contribution plans	**112**	96
	16,164	10,169

37. BUSINESS COMBINATIONS

Subsidiaries acquired

2021	Principal activities and place of operation	Date of acquisition	Proportion of shares acquired	Consideration transferred
DL Family	Provision of investment management services business	5 February 2021	100%	SG$1
Four Seasons	Provision of investment management services business	4 January 2021	100%	HK$2,218,000

DL Family and Four Seasons were acquired so as to continue the expansion of the Group's existing financial services business to investment management services business.

DL Family

On 5 February 2021, DL Asset Management, a wholly-owned subsidiary of the Company and DL Global Holdings Limited, entered into the agreement pursuant to which DL Asset Management has agreed to acquire the entire share capital of DL Family for a cash consideration of SG$1. The Group has acquired DL Family to further expand its assets management business. It is expected to have a synergistic effect. The goodwill of HK$1,335,000 arising from the acquisition is attributable to synergy and economics of scale expected for combining the operation of the Group and DL Family.

37. BUSINESS COMBINATIONS *(Continued)*

Subsidiaries acquired *(Continued)*

DL Family *(Continued)*

DL Family is a private company incorporated in Singapore and licensed by the MAS for commencement of asset management service business as a RFMC in Singapore. The acquisition of DL Family was completed on 5 February 2021.

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

	Recognised values on acquisition HK$'000
Property, plant and equipment (note 16)	9
Trade, bills and other receivables, prepayments and deposits	57
Cash and cash equivalents	6,490
Other payables (note (i))	(7,891)
Net liabilities acquired	(1,335)
Goodwill arising on acquisition:	
Cash consideration transferred	–*
Fair value of identifiable net liabilities acquired	1,335
	1,335
Net cash inflow arising on acquisition of DL Family:	
Cash consideration paid	–*
Cash and cash equivalents acquired	6,490
	6,490

Note (i): Included in other payables, SG$1,244,000, approximately HK$7,091,000, was amount due to the Group

* Amount less than HK$1,000

Four Seasons

On 4 January 2021, the Company entered into the agreement pursuant to which the Company has agreed to acquire the entire share capital of Four Seasons. Bestway Billion Investment Development Limited ("**Bestway Billion**"), the shareholder of Four Seasons, has agreed to sell the entire share capital of Four Seasons for a cash consideration of approximately HK$2,218,000. The Group has acquired Four Seasons to further expands its asset management business. It is expected to have a synergistic effect. The goodwill of HK$5,950,000 arising from the acquisition is attributable to synergy and economics of scale expected from combining the operations of the Group and Four Seasons.

Four Seasons is a private company incorporated in Cayman Islands and principally engaged in the business of investment management services. The acquisition of Four Seasons was completed on 4 January 2021.

37. BUSINESS COMBINATIONS *(Continued)*

Subsidiaries acquired *(Continued)*

Four Seasons *(Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of Four Seasons as at the date of the acquisition were as follows:

	Recognised values at acquisition HK$'000
Debtors, deposits and other receivables	4,850
Cash and cash equivalents	149
Other payables	(1,656)
Contract liabilities	(7,075)
Net liabilities acquired	(3,732)
Goodwill arising on acquisition:	
Cash consideration transferred	2,218
Fair value of identifiable net liabilities acquired	3,732
	5,950
Net cash outflow arising on acquisition of Four Seasons	
Cash consideration paid	(2,218)
Cash and cash equivalents acquired	149
	(2,069)

Impact of acquisitions on the result of the Group

Included in the profit for the year ended 31 March 2021 is profit of approximately HK$126,659,000 attributable to the additional business generated by Four Seasons, and loss of approximately HK$472,000 attributable to DL Family. Revenue for the year includes approximately HK$128,586,000 in respect of Four Seasons. No revenue was generated by DL Family.

If the acquisition had occurred on 1 April 2020, the Group's revenue would have been approximately HK$441,422,000 and profit before tax for the year would have been approximately HK$224,480,000 for the year ended 31 March 2021. 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 acquisitions been completed on 1 April 2020, nor is it intended to be a projection of future results.

37. BUSINESS COMBINATIONS *(Continued)*

Deconsolidation of a subsidiary

Heritage Distress SP

On 9 April 2020, the Group acquired the Cayman Fund and set up one segregated portfolio, Segregated Portfolio.

In February 2021, there was a restructuring of the Cayman Fund whereby an investment manager was appointed and the day-to-day investment decisions, management and operation was delegated by its directors to the third party investment manager (the "**Restructuring**"). As a result of the Restructuring, the Group ceased to have control over the Cayman Fund.

As such, the fair value of the retained interests in the Cayman Fund was reclassified as the cost on initial recognition recorded as financial asset at FVTPL and no longer consolidated in the financial statements of the Company as at 31 March 2021.

The following table summarises the net assets of the Cayman Fund reclassified during the current year and the financial impacts are summarised as follows:

	2021 HK$'000
Net assets reclassified:	
Financial assets at fair value through profit or loss	**154,114**
Other receivables	**155**
Cash and bank balances	**25**
Trade payables	**(20,016)**
Other payables and accruals	**(11,231)**
Income tax liabilities	**(7,281)**
	115,766
Satisfied by:	
Financial assets at fair value through profit or loss	**115,070**
Net loss on deconsolidation of Cayman Fund	**(696)**
Net cash outflow arising on deconsolidation of Cayman Fund:	
Cash and bank balances reclassified	**(25)**

Subsidiaries acquired

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

37. BUSINESS COMBINATIONS *(Continued)*

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 service of securities broking, margin financing and corporate finance in Hong Kong. The acquisition of DL Securities was completed on 11 November 2019.

Details of the aggregate fair values of the identifiable assets and liabilities of DL Securities as at the date of 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 type 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, accruals 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.

37. BUSINESS COMBINATIONS *(Continued)*

DA Finance *(Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of DA Finance as at the date of acquisition are 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 was 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.

The profit after tax for the Guarantee Period of DL Securities and DA Finance is not less than the guaranteed profit.

Impact of acquisitions on the result of the Group

Included in the loss for the year ended 31 March 2020 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.

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

	Note	2021 HK$'000	2020 HK$'000
ASSETS			
Non-current asset			
Right-of-use assets		**1,972**	–
Investment in subsidiaries		**48,706**	31,485
Financial assets at FVTPL		**119,106**	–
		169,784	31,485
Current assets			
Amounts due from fellow subsidiaries		**154,181**	49,080
Amounts due from subsidiaries		**579**	–
Other receivables, prepayments and deposits		**795**	41,829
Cash and cash equivalents		**917**	483
		156,472	91,392
Total assets		**326,256**	122,877
LIABILITIES			
Current liabilities			
Other payables and accruals		**2,072**	1,036
Amounts due to fellow subsidiaries		**41,347**	–
Amounts due to subsidiaries		**15,301**	–
Lease liabilities		**1,322**	–
		60,042	1,036
Non-current liabilities			
Lease liabilities		**664**	–
Bonds payable		**6,000**	–
		6,664	–
Total liabilities		**66,706**	1,036
EQUITY			
Equity attributable to owners of the Company			
Share capital		**13,966**	12,142
Other reserves	a	**302,490**	160,072
Accumulated losses	a	**(56,906)**	(50,373)
Total equity		**259,550**	121,841
Total equity and liabilities		**326,256**	122,877

The statement of financial position of the Company was approved by the board of Directors on 24 June 2021 and was signed on its behalf.

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

38. 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 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 a) (note 24(a))	–	52,420	(11,754)
As at 31 March 2020 and 1 April 2020	(50,373)	152,520	7,552
Share options issued	–	–	31,961
Repurchase of shares (note b)	–	(17,255)	–
Profit for the year	2,964	–	–
Issuance of shares under Share Option Scheme (note) (note 24(a))	–	82,836	(14,717)
Issuance of shares under Share Subscription (note 24(b))	–	59,593	–
2020 Interim dividend paid	(9,497)	–	–
As at 31 March 2021	**(56,906)**	**277,694**	**24,796**

Notes:

(a) During the year ended 31 March 2021, 106,976,000 shares were issued at subscription price from HK$0.425 to HK$1.00 to respective option holders (note 11) to their exercise of the option under the Share Option Scheme of the Company.

On 31 March 2020, 90,345,000 shares were issued at subscription price from HK$0.425 to HK$0.50 to respective option holders (note 11) to their exercise of the option under the Share Option Scheme of the Company.

(b) During the year, the Company contributed approximately HK$17,255,000 at an average price of HK$1.407 per share for repurchases of 12,260,000 ordinary shares which are currently held under the Share Award Scheme. No share awards have been granted from this Share Award Scheme as of 31 March 2021.

39. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, 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.

39.1 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.

	2021 **HK$'000**	2020 HK$'000
Financial assets as per consolidated statement of financial position		
Financial assets at amortised cost:		
— Trade, bills and other receivables	**209,297**	75,642
— Loan and interest receivables	**92,701**	32,344
— Bank balance — trust	**43,033**	14,706
— Cash and cash equivalents	**56,222**	50,745
Financial assets at FVTPL:		
— Listed equity securities — Hong Kong	**260**	7,243
— Unlisted equity investment — outside Hong Kong	**71,204**	–
— Unlisted investment fund	**119,106**	–
Total	**591,823**	180,680

	2021 **HK$'000**	2020 HK$'000
Financial liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost:		
— Trade, bills and other payables	**64,037**	31,971
— Bonds payable	**6,000**	–
— Promissory note	**22,376**	–
— Bank borrowings	**–**	6,362
— Lease liabilities	**10,486**	4,882
Total	**102,899**	43,215

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

39.2 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 2021 and 2020. The Group currently does not undertake any foreign currency hedging as at 31 March 2021 and 2020.

39.3 Interest rate risk

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

Bank deposits and bank borrowings

The Group's interest rate risk arises from bank deposits and bank borrowings as at 31 March 2021 and 2020 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 2021 and 2020.

Margin receivables

The Group's interest rate 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.

	2021	2020
	HK$'000	HK$'000
Assets:		
— Trade receivables from margin clients	**33,399**	7,712

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 (2020: 100) basis points 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 2021, if the interest rate of trade receivable from margin clients had been 100 (2020: 100) basis point higher/lower, the Group's profit/(loss) for the year would increase/decrease (2020: decrease/increase) by approximately HK$334,000 (2020: HK$77,000).

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

39.4 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 39.1.

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 2021 and 2020.

Trade and bills receivables (excluding margin receivables)

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 receivables). To measure the ECL, trade and bills receivables (excluding margin receivables) 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 2021, in respect of trade and bills receivables (excluding margin receivables), the Group is exposed to concentration of credit risk to the extent that HK$153,972,000 (2020: HK$22,518,000) of trade and bills receivables (excluding margin receivables) 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$5,660,000 (2020: HK$5,595,000) out of the total trade receivables balance.

Included in the trade and bills receivables (excluding margin receivables) is the trade receivable from asset management service client amounting to approximately HK$128,697,000 (2020: HK$Nil) which constitute the majority of the balance and is the largest outstanding balance from a single customer as at 31 March 2021.

On that basis, management has assessed that the ECL allowance as at 31 March 2021 and 31 March 2020 for trade receivables (excluding margin receivables). During the year ended 31 March 2021, ECL allowance of HK$756,000 was recognised (2020: Nil).

Trade and bills receivables (excluding margin receivables) 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 receivables) are presented as net ECL within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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

39.4 Credit risk *(Continued)*

Margin receivables

For the margin receivables, there is no significant increase in credit risk since initial recognition as the risk of default is low because significant amount are secured by pledged listed securities and counterparties have no historical default record. The directors expect that the general economic conditions will not be significantly changed for the 12 months after the reporting period. No loss allowance was made against the gross amount of the margin receivables. As at 31 March 2021, the carrying amounts of margin receivables amounted to approximately HK$33,399,000 (2020: HK$7,712,000) and no ECL (2020: nil) is recognised. All balances are categorised in Stage 1 12-month ECL with no movement from/to other stages during the year (2020: same). As at 31 March 2021, margin receivables were secured by the customers' securities and cash collateral with undiscounted market value of approximately HK$176,678,000 (2020: HK$17,123,000).

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.

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

39.4 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

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

39.4 Credit risk *(Continued)*

Loan and interest receivables *(Continued)*

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.

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.

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

39.4 Credit risk *(Continued)*

Loan and interest receivables *(Continued)*

Significant increase in credit risk (Continued)

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.

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 2021, the Group has taken into account the possible impacts associated with the persistent social unrests, COVID-19 and the overall change in economic environment.

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

39.4 Credit risk *(Continued)*

Loan and interest receivables *(Continued)*

Incorporation of forward-looking information (Continued)

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 2021 HK$'000	Stage 1 12-month ECL 31 March 2021 HK$'000
Loan receivables	92,781	31,900
ECL allowance	(1,896)	(160)
Net loan receivables	90,885	31,740
Interest receivables	1,858	607
ECL allowance	(42)	(3)
Net interest receivables	1,816	604
Total net loan and interest receivables	92,701	32,344

The movement in the ECL allowance of loan receivables and their respective interest receivables is as follows:

	2021 **HK$'000**	2020 HK$'000
Balance at 1 April	**163**	–
Reversal of ECL allowance	**(163)**	–
ECL allowance recognised	**1,938**	163
Balance at 31 March	**1,938**	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 judgement. Changes in these inputs, assumptions and judgements 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 2021 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$194,000 (2020: 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$194,000 (2020: HK$14,000)

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

39.4 Credit risk *(Continued)*

Loan and interest receivables *(Continued)*

Concentration on credit risk

There are fourteen (2020: six) customers as at 31 March 2021 with loan and interest receivables. Four (2020: five) of them are individually accounted for more than 10% of loan receivables. They are aggregately accounted for 72.4% (2020: 95.6%) of loan receivables.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, amount due from a related party 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, amount due from a related party 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, amount due from a related party and deposits since initial recognition as the risk of default is low after considering the factors as set out in note 2.8 and, thus, no ECL recognised for these other receivables, amount due from a related party and deposit as at 31 March 2021 and 2020.

39.5 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 Level 1 equity investments are publicly traded in the Stock Exchange.

At 31 March 2021, 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$13,000 higher/lower (2020: loss before tax for the year will be HK$362,000 lower/higher) as a result of gains/losses on equity securities classified as financial assets at FVTPL.

39.6 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, bonds payable, promissory note 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 39.1, 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.

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

39.6 Liquidity risk *(Continued)*

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year or repayable on demand	1–2 years	3–5 years	More than 5 year	Total undiscounted cash flow	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2021						
Trade, bills and other payables	**64,093**	**–**	**–**	**–**	**64,093**	**64,093**
Lease liabilities	**5,850**	**4,878**	**–**	**–**	**10,728**	**10,486**
Promissory note	**23,400**	**–**	**–**	**–**	**23,400**	**22,376**
Bonds payable	**383**	**300**	**901**	**6,519**	**8,103**	**6,000**
	93,726	**5,178**	**901**	**6,519**	**106,324**	**102,955**
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

39.7 Fair value hierarchy

The table below analyses the Group's financial instruments carried at fair value for the years ended 31 March 2021 and 2020 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 2021			
Financial assets at FVTPL			
— Listed equity securities	**260**	**–**	**–**
— Unlisted equity investment	**–**	**–**	**71,204**
— Unlisted investment fund	**–**	**119,106**	**–**
As at 31 March 2020			
Financial assets at FVTPL			
— Listed equity securities	7,243	–	–

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

39.7 Fair value hierarchy *(Continued)*

There were no transfers among levels 1, 2 and 3 during the years ended 31 March 2021 and 2020.

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.

(a) **Valuation process used by the Group and valuation techniques and inputs used in fair value measurements**

Level 1 fair value measurements

Fair value of financial instruments under level 1 fair value measurement is based on quoted prices (unadjusted) reflected in active markets.

The fair value of the listed equity securities is based on quoted market prices at the end of reporting period.

Level 2 fair value measurements

As at 31 March 2021, the Group's financial assets at FVTPL under level 2 fair value measurements is investment fund, and its fair value measurement was determined as follows:

For unlisted investment fund of HK$119,106,000 (2020:Nil), fair value is determined based on the net asset values as published by the fund managers.

Level 3 fair value measurements

In determining fair value, specific valuation techniques (asset-based approach) are used with reference to significant inputs such as property under development's market value, loan from other parties and long term loan included in the unlisted equity investment. Loan from other parties and long-term loan are measured at amortised cost. The main input used by the Group in measuring the fair value of the unlisted equity investment is derived and evaluated as follows:

— Market value of property under development: this is valued at 31 March 2021 by independent and professional qualified valuer based on residual method as follow:

Valuation technique of property under development included in the unlisted equity investment	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Residual method	Market price of finished lot, ranging from US Dollar 925,000 per lot to US Dollar 3,850,000 per lot, and adjusted taking into account of time and locations to the underlying assets of the invested company (2020: N/A)	The higher/lower the market price, the higher/lower the fair value

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

39.7 Fair value hierarchy *(Continued)*

(a) **Valuation process used by the Group and valuation techniques and inputs used in fair value measurements** *(Continued)*

Level 3 fair value measurements (Continued)

The reconciliations of the carrying amounts of the Group's financial instruments classified within Level 3 fair value measurements are as follows:

Financial assets at FVTPL	**Level 3** HK$'000
As at 1 April 2020	–
Addition	37,635
Fair value gain	33,569
As at 31 March 2021	**71,204**

There has been no transfers into or out of Level 3 during the year ended 31 March 2021 (2020: N/A).

40. 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.

41. 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	**2021**	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**426,551**	226,391	186,519	279,382	206,219
Profit/(Loss) before income tax expense	**217,792**	(51,861)	18,987	20,706	30,501
Income tax (expense)/credit	**(16,994)**	452	(305)	(5,018)	(5,358)
Profit/(Loss) for the year	**200,798**	(51,409)	18,682	15,688	25,143

	As at 31 March				
ASSETS AND LIABILITIES	**2021**	2020	2019	2018	2017
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current assets	**403,375**	181,375	119,914	110,854	84,877
Non-current assets	**224,566**	29,739	60,542	4,841	6,032
Total assets	**627,941**	211,114	180,456	115,695	90,909
Current liabilities	**116,313**	45,562	9,384	33,042	29,287
Non-current liabilities	**11,071**	538	250	250	250
Total liabilities	**127,384**	46,100	9,634	33,292	29,537
Net assets	**500,557**	165,014	170,822	82,403	61,372
EQUITY					
Equity attributable to owners of the Group	**500,557**	165,014	170,822	82,403	61,372

Note:

The summary above does not form part of the audited consolidated financial statements.