



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



*Annual Report 2021/2022*

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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

## COMPANY'S WEBSITE

<https://www.dlglobalholdings.com>

## EXECUTIVE DIRECTORS

Mr. Chen Ningdi (*Chairman and Chief executive officer*)  
Mr. Lang Joseph Shie Jay  
(Appointment with effect from 10 January 2022)  
Mr. Ai Kuiyu (Appointment with effect from 10 January 2022)

## NON-EXECUTIVE DIRECTORS

Ms. Jiang Xinrong (*Honorary Chairman*)  
Mr. Chan Kwun Wah Derek  
Mr. Li Ren  
(Resigned with effect from 10 January 2022)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## 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*)  
Mr. Chen Ningdi (Appointment with effect from 10 January 2022)  
Mr. Chen Cheng-Lien  
(also known as Chen Cheng-Lang and Chen Stanley)

## NOMINATION COMMITTEE

Mr. Chen Ningdi (*Chairman*)  
(Appointment with effect from 10 January 2022)  
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  
11th Floor  
Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
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**” or “**DL Group**”) for the year ended 31 March 2022 (the “**Reporting Period**”).

## BUSINESS REVIEW

During the Reporting Period, the Group recorded a revenue of approximately HK\$309.1 million representing a decrease of approximately 27.5% compared to that of the year ended 31 March 2021; and a total comprehensive income attributable to the owners of the Company of approximately HK\$109.8 million, representing a decrease of 45.3% as compared to the net profit of HK\$200.8 million for the year ended 31 March 2021.

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\$156.4 million, which made up approximately 50.6% of the total revenue in the Group.

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 continued to put our business in sales of apparel products under pressure, and the segment revenue in the Reporting Period decreased slightly to approximately HK\$130.4 million for the Reporting Period.

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**”).

Last year is a difficult and remarkable year. In the context of the global economy being severely impacted by COVID-19, the sudden escalation of the Russia-Ukraine conflict in February 2022, compounded by supply chain bottlenecks and labour shortages that persisted since the outbreak of COVID-19, the inflation rate in most countries around the world further climbed up. CPI data of the United States during April to June 2022 also rose beyond market expectations, central banks led by the United States around the world have to increase interest rate to ease the inflation. The declining market liquidity and the fear of recession contributed to the plummeting stock market.

In the past 12 months, many investors have already suffered huge losses from the crash of US-listed China stocks and Chinese high-yield bonds, as well as the plunge in cryptocurrencies. Wealth appreciation seems to be a luxurious hope, and no one can predict when the turning point of the economy will come. The global economy has entered into a new cycle, which is not new for those wealthy families and family offices in the United States or Europe. Some of them stay wealthy for over a century. In the past 100 years, they have experienced certain economic cycles such as wars, the great inflation in the 1970s, financial crises, and dozens of milder cycles. However, for Chinese ultra high networth families (the “**UNHW families**”), this is the first meaningful economic cycle for their wealth inheritance. Meanwhile, for DL Group, whose core client base is Chinese UNHW families, this is the opportunity and timing it has been waiting for 12 years to make a giant leap.

# CHAIRMAN'S STATEMENT

## I. Right Timing

The core foundation of DL Group was built upon the ashes of the 2008 global financial crisis. Investors in Hong Kong suffered significant losses on the Lehman Brothers mini-bond and the notorious accumulator launched by many famous private banks. In this context, a group of professionals who were formerly serving private banks, private equity funds and investment bankers in Hong Kong decided to establish a platform that is truly independent and adequately aligned with the interests of clients, that can accompany high-net-worth families for the long term, and that helps to preserve clients' wealth in generations and DL Group was established against such background.

It took almost 3 years for DL Group to be engaged by its first client from Mainland China at the beginning. The main reason behind this was the Chinese investors' optimistic mentality under the environment of rapid growth of Chinese economy and thriving capital market in Hong Kong. During the past 10 years, the prosperity of the economy in China, the booming price of the properties in China coupled with the global monetary easing environment for the past decade, have made the investment in China a profitable business. High-yield bonds in the property sector, China's high-yield bonds, venture capital/private equity investment in technological companies, Pre-IPO (being final rounds of fundraising before initial public offering) or property-related leveraging business can easily produce a double digit internal rate of return for investors. Against this background in which money-making is so easy and quick, the long-term investments advocated by family offices, the conservative approach adopted, and global asset allocation strategies share little in common with investors' mentality and were hardly favoured by UHNW families.

The UHNW families DL Group serves can be divided into three categories. The first category is Hong Kong's tycoon families, most of which are transitioning from the second generation to the third generation. These families have already gone through several decades and economic cycles, including the 1987 Hong Kong stock market crash, the 1997-1998 Asian financial crisis, the bursting of dot com bubbles in 2001-2003, the huge blow to Hong Kong's property market from the "85,000 policy", SARS in 2003, and the 2008 global financial crisis. Hong Kong wealthy families are familiar with economic cycles thus they have a more thorough understanding of the core philosophy of a family office and such philosophy is more acceptable to them. Compared to Hong Kong UHNW families, the second and third categories of clients DL Group serves are based in Mainland China, and their wealth was only generated over the past decade or so. The second category of clients mainly belongs to traditional industries such as manufacturing and real estate, which have benefited from the macroeconomic environment and industrial policies, and their wealth has grown exponentially in the past. They prefer to invest in the familiar areas and trust in their investment philosophy, and their demand for services from family offices confines to establishment of family trusts and family constitutions. The third category of clients is those new leaders in the technological sector who tend to continue to invest in the technology industry and assets with technology attributes such as cryptocurrencies. The second and third categories of clients are experiencing their first meaningful economic cycle. They were more confident in their investment philosophy due to confirmation bias. With such confirmation bias and investor mentality, the Chinese investors indeed achieved rapid wealth accumulation during the bull market, but they also suffered significant losses during the bear market. The long-term, sustainable philosophy espoused by the family office was difficult to reconcile with investors' mindsets during the period of rapid wealth accumulation, and only during period when they suffer losses, they would truly appreciate the significance of the family office's existence. Before the outbreak of COVID-19, the UHNW families in China were already facing three major transitions: transition of economic structure, upgrading of enterprises, and succession of corporate leaders. The outbreak of COVID-19 and the commencement of the new economic cycle, which is the first meaningful cycle for China's UHNW families, triggered the attention of UHNW families to the wealth preservation as well as diversification and allocation of family assets and portfolios, providing the perfect timing for development and expansion of DL Group.

# CHAIRMAN'S STATEMENT

## II. Geographic Advantage

The world order is currently undergoing tremendous changes. The economic centre and even the political centre are gradually shifting from the Atlantic Ocean to the Pacific Ocean. The world's top three economies: the United States, China, and Japan are all Pacific coastal countries. In 2021, China's gross domestic product ("GDP") was \$US\$1.78 trillion, representing approximately 70% of the GDP of the United States of US\$2.3 trillion. The total GDP of China, the United States, and Japan was US\$4.57 trillion, accounting for almost half of the global GDP. The prosperous economy has also led to an increase in the wealth of global citizens. According to the list of the 2022 World's Billionaires (with networth above US\$1 billion), presented by Forbes, the number of billionaires in China was 745 and exceeded that in the United States for the first time. The rapid growth in the number of UHNW families in China and their wealth has presented ample opportunities for family offices to develop. Hong Kong, as the gateway between Mainland China and the world, together with its common law system which protects individuals' assets, favorable government policies, solid financial industry infrastructure, and abundant talent pool, provides DL Group with a geographic advantage.

Furthermore, the global presence of DL Group around the Pacific coast, which has been deployed for the past few years, is also designed to consolidate the geographic advantage to better cater our client families' needs for global asset allocation. Other than the headquarters in Hong Kong, DL Group has also set up offices in Shanghai, Singapore, San Francisco, and Tokyo. Given the Russia-Ukraine conflict, energy crisis, the economic downturn, and the intensification of geopolitical conflicts, the UHNW families would require a location where their assets can be safely kept and therefore Singapore becomes the new favourite place of investment by global billionaires. According to news, the required time for setting up family offices in Singapore, which used to be fairly short, has been lengthened to up to eight months. While DL Group set up Singapore office back in 2019, which enabled the company gain some first-mover advantage.

Many Asian family offices have set up offices in both Hong Kong and Singapore, but few of them have offices in the United States and Japan as DL Group does. Northern California assembles Silicon Valley's tech companies and R&D institutions, and is also considered a global source of new technology and technological advancement. Since the invention of semiconductors 60 years ago, the proliferation of computers, to the constant upgrading of internet and mobile communication, all lead to today's digital economy. Blockchain technologies, artificial intelligence, and neuroscience are the latest manifestations of those technologies. Silicon Valley has become the brain and hub of the whole world, and will continue to lead the way for even greater technological waves in the future. DL Family US Holdings, Corporation currently manages a luxury residential real estate project called One Carmel in California. It offers our clients not only a rare investment opportunity and premium asset, but a social, technological and investment network that connects to the Silicon Valley and extended to the United States as well. In One Carmel, Chinese UHNW families will live next to technological giants of Silicon Valley and fresh new ideas will spark among them.

DL Group also established its Tokyo office in 2022. The President of United States, Biden visited Japan in May and announced the launch of the Indo-Pacific Economic Framework for Prosperity (IPEF) in Tokyo, and it shows that the United States had high expectation in Japan in the roles Japan plays in the global economy. Japan will play an even more important role in the future and there will be opportunities for economic development. Therefore DL Group set up its Tokyo office in order to grasp such opportunity.

# CHAIRMAN'S STATEMENT

## III. Human Cohesion

Right timing and geographic advantage are both dependent on external factors. Human cohesion, on the other hand, comes within a company, and is the most core and essential element in a company's development. There are two folds to human cohesion, one is team unity within the company, and the other is the relationship with its clients.

The core members of the DL Group have decades of experience in the industry and, during the past 12 years, has together built tacit understanding and strong cohesion. With the development of DL Group and the enhancement of corporate culture, more talents will be attracted to join in the future in the continual development of DL Group.

In addition to the internal working team, the close relationship between DL Group and its clients is also an essential element in bringing DL Group to where it is today. Its clients are elites in their respective industries who have deep understanding of, and could offer unique insights to the industries they operate in as well as general corporate management. DL Group has learned a lot of fresh great ideas through collaborations with these elites in its development. For example, it learned about the current status of impact investing in Europe and the United States from several technological leaders of Silicon Valley. Unlike ESG investing, which is still the mainstream in Hong Kong, impact investing goes one step further and has a broader vision. Instead of solely focusing on financial returns, impact investing focuses on combining financial returns with positive contributions from solving major issues, which is more in line with DL Group's core philosophy of preservation in generations. On the other hand, a lot of the strategic decisions that DL Group has made in recent years, for example, the establishment of its Singapore and San Francisco office, were to respond to the client's needs in a timely manner. During the past 12 years, DL Group has grown with its clients, and in the future, DL Group will still stick to its mission of "walking with the giants".

DL Group's vision is to become the largest and the most influential family office in the Asia-Pacific. With the combination of right timing, geographic advantage, and human cohesion, it is now the perfect opportunity for it to grow. It will actively seize opportunities and continue to expand its business with the "four stays" in mind: stay hungry, stay patient, stay focused, and stay humble. It will also utilise its unique dual engine business model: "investment bank + family office" to become the best family office for UHNW families in China and the Asia-Pacific.

## 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**

**Mr. Chen Ningdi**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 23 June 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the year ended 31 March 2022 (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; investment management and advisory services, and money lending services (the “**Financial Services Businesses**”) rapidly. During the Reporting Period, the Group acquired ONE Advisory Limited, previously known as Utop Advisory Limited, in order to develop its enterprise solutions services business. During the Reporting Period, the Group continued to operate in the legacy business of sales of apparel products with the provision of supply chain management total solutions to customers.

During the Reporting Period, the Group recorded a decrease in revenue by approximately 27.5% to approximately HK\$309.1 million (2021: HK\$426.6 million), a decrease in gross profit by approximately 29.6% to approximately HK\$172.7 million (2021: HK\$245.5 million), and a decrease in total comprehensive income attributable to the owners of the Company by approximately 45.3% to approximately HK\$109.8 million (2021: HK\$200.8 million).

### 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 66% (2021: 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 2022, the Group has 348 (2021: 197) securities brokerage clients. During the Reporting Period, the transaction amount for the securities trading and brokerage services amounted to approximately HK\$11,382 million (2021: HK\$4,518 million). As at 31 March 2022, the total customer asset size for brokerage services amounted to approximately HK\$3,348 million (2021: 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 2022, the loan receivables from margin financing services amounted to approximately HK\$151.1 million (2021: 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. Following the acquisition of 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 2022, the assets under investment management and assets subject to investment advisory services of the Group were approximately HK\$2,886 million (2021: 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\$35.0 million (2021: HK\$128.6 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the segment revenue for provision of financial services of licensed business was approximately HK\$141.4 million (2021: HK\$288.2 million) and segment profit was approximately HK\$73.0 million (2021: HK\$178.2 million).

The decrease in segment revenue and segment profit was attributable to the continuing adverse impact on the financial market by the COVID-19 pandemic, particularly on our investment management services by the decrease in assets under investment management and assets subject to investment advisory services leading to the decrease in service fees.

### 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\$15.0 million (2021: HK\$4.9 million) and segment profit was approximately HK\$12.8 million (2021: HK\$2.3 million). The increase in segment revenue and segment profit was attributable to an increase in loan and interest receivables from money lending services to approximately HK\$166.6 million as at 31 March 2022 (31 March 2021: HK\$92.7 million), resulting in an increase in interest received or accrued.

During the Reporting Period, the Group granted loans to 18 customers, which are mainly individual customers in seek of funding for investment and general working capital purpose. At 31 March 2022, the Group had a concentration risk as 18.3% (2021: 26.8%) and 59.0% (2021: 79.9%) of total loans to customers (net of allowance) were made up by the Company's largest loan customer's and the five largest loans customers' outstanding balances respectively. As at 31 March 2021 and 2022, all loan and interest receivables based on the maturity date, are within one year.

As at 31 March 2022, loan receivables of the Group bore interest from 8.0% – 15.0% (31 March 2021: 8.0% – 20.0%) per annum and repayable in fixed terms agreed with customers. As at 31 March 2022, interest receivables bore interest from 8.0% – 36.0% (31 March 2021: 8.0% – 36.0%) per annum for default interest and repayable in fixed terms agreed with customers.

As required under Hong Kong Financial Reporting Standard 9 Financial Instruments, the Group performed impairment assessment under expected credit loss (“ECL”) model on loan and interest receivables as at 31 March 2022. Key inputs used for measuring the ECL are the probability of default, the magnitude of the loss if there is default and the exposure of the Group at default.

During the Reporting Period, provision of approximately HK\$1.7 million was recognised as at 31 March 2022 in respect of the ECL for the loan and interests receivables (31 March 2021: approximately HK\$1.9 million). The decrease of the provision for ECL is mainly due to the reduced loss rate adopted in the ECL model. For the Reporting Period, net reversal of provisions for ECL on loan and interest receivables of approximately HK\$0.3 million (2021: provisions for ECL on loan and interest receivables of approximately HK\$1.8 million) were recognised in the Company's consolidated statement of profit or loss.

The Group manages its credit risk by adoption of conservative credit risk assessment policy. A series of credit assessment procedures, such as identity checks, financial position assessment and public searches, were performed by the Group before each loan was approved and advanced to the borrowing customers. In credit assessment, the Company will take into consideration factors including but not limited to the borrower's financial soundness, internal and external credit checking results, and, where applicable, the availability of any guarantee, collateral and/or other forms of security.

Subsequent to the drawdown, the Group will regularly review and update the information we obtained during the credit assessment procedures. The Group also actively reviews and monitors the loan repayment status to ensure all the interests and principal payments are punctual and the past due amounts, if any, are closely followed up.

The credit policy is reviewed and revised on a regular basis to incorporate changes in the prevailing market and economic conditions, legal and regulatory requirements, and other factors the Directors consider as important.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

The sales 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 continued to explore 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, 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.

During the Reporting Period, the segment revenue for the Apparel Business decreased slightly to approximately HK\$130.4 million from approximately HK\$133.5 million for the year ended 31 March 2021, representing a decrease of approximately 2.3% and the segment loss for the year ended 31 March 2022 reduced significantly from approximately HK\$5.5 million for the year ended 31 March 2021 to segment loss of approximately HK\$0.03 million for the year ended 31 March 2022. The Apparel Business remains challenging given the sluggish global business environment and fierce competition under COVID-19 outbreaks and international trade conflicts.

## Provision of enterprise solutions services

The enterprise solutions services include provision of global identity planning and wealth inheritance consultancy services, and other business consultancy services provided to high net worth clients. During the Reporting Period, the enterprise solutions services business contributed segment revenue of approximately HK\$22.3 million and segment profit of approximately HK\$11.8 million.

## PROSPECTS

### Future outlook

In view of the turbulent market conditions and uncertain risks on a worldwide scale, the Group is proactively pivoting to adapt to the economic environment and pursuing higher returns for all Shareholders. Despite the difficulties the Company encountered in the financial and garment industry, the Group has achieved satisfactory financial results and continued its business development. During the Reporting Period, to diversify the Group’s investment strategy, the Group has acquired an enterprise solutions service provider which provides full range of global identity consulting, wealth planning and succession services. The growth of the Group has also been seen by respectful professional partners which led to the signing of several cooperation agreements with well-known insurance company and other distributors.

Looking forward, the Group will be dedicated in the multi family office and investment strategy, reorganising all the resources with updated structure to fulfil the needs of high-net-worth-individuals and their family businesses. The Group has entered into legally binding agreements on acquisitions and investment in multi family office and insurance broker business, which will strongly enhance the Financial Services Businesses for the target clients. The new growth of revenue and client base will increase the amount of asset under management (“**AUM**”) and asset under advisory (“**AUA**”), as well as the number of clients. The Group estimates that with the growth of wealth in the Greater China Region, the demand of wealth management and family office services will significantly grow in the coming years, which requires more sophisticated and professional service providers with licenses and experience. The Group currently provides securities, cooperate finance, funds, alternative investments, asset management and identity planning services in Hong Kong, the People’s Republic of China (the “**PRC**”), Singapore and the US. Furthermore, institutional investors and wealthy families

# MANAGEMENT DISCUSSION AND ANALYSIS

are keen to cooperate with the Group to diversify their investments given the Group's competitive advantages. The Group's real estate investment in the US has also achieved huge progress during the Reporting Period. Following the commencement of construction, this project will become an anchor investment and will help to attract more international investors and buyers which will eventually generate returns to the Group and all the Shareholders. With more talents joining the Group, the Group believes that the opportunities and market shares will grow naturally and rapidly which will make the Group a leading multi family office and investment platform in Asia Pacific.

## FINANCIAL REVIEW

### Revenue

During the Reporting Period, the Group reported revenue of approximately HK\$309.1 million, representing a decrease of approximately 27.5% from approximately HK\$426.6 million for the year ended 31 March 2021. The decrease in revenue was mainly attributable to the decrease in revenue from the provision of financial services of licensed business of approximately HK\$146.9 million and partly offset by the increase in revenue generated from the money lending services of approximately HK\$10.2 million and revenue generated from the enterprise solutions services of approximately HK\$22.3 million.

During the Reporting Period, the provision of financial services of licensed business, money lending business, the Apparel Business and the enterprise solution business contributed segment revenue of approximately HK\$141.4 million (2021: HK\$288.2 million), HK\$15.0 million (2021: HK\$4.9 million), HK\$130.4 million (2021: HK\$133.5 million) and HK\$22.3 million (2021: nil) respectively, and the provision of financial services of licensed business remains the major revenue contributor during the Reporting Period.

During the Reporting Period, the segment revenue of the provision of financial services of licensed business decreased to approximately HK\$141.4 million from approximately HK\$288.2 million for the year ended 31 March 2021, which represents a decrease of approximately 51.0%. It was mainly attributable to the decrease in revenue from our investment management services, as a result of the deteriorating market conditions, leading to the decrease in AUM and AUA and the corresponding decrease in service fees.

During the Reporting Period, the segment revenue of the money lending services increased to approximately HK\$15.0 million from approximately HK\$4.9 million for the year ended 31 March 2021, which represents an increase of approximately 209.6%. It was mainly attributable to the increase in the size of loan and interest receivables.

During the Reporting Period, the segment revenue for the Apparel Business decreased to approximately HK\$130.4 million from approximately HK\$133.5 million for the year ended 31 March 2021, representing a decrease of approximately 2.3% and segment loss was approximately HK\$0.03 million (2021: HK\$5.5 million). The significant reduction of segment loss in the Apparel Business was mainly attributable to (i) no loss on sale of equity securities for the year ended 31 March 2022 was recorded, while approximately HK\$4.7 million loss on sale of equity securities for the year ended 31 March 2021 was recorded; and (ii) the decrease in revenue was less than the decrease of expenses as a result of a series of cost control measurement.

During the Reporting Period, the segment revenue of enterprise solutions services amounted to approximately HK\$22.3 million and was attributable to the service fees generated consultancy services provided by the Group.

### 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 the 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\$136.3 million for the year ended 31 March 2022 from approximately HK\$181.1 million for the year ended 31 March 2021, representing a decrease of approximately 24.7%, which is in line with the decrease in revenue.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross profit and gross profit margins

The gross profit of the Group was approximately HK\$172.7 million for the year ended 31 March 2022 as compared with approximately HK\$245.5 million for the year ended 31 March 2021, which represents a decrease of 29.6%. During the Reporting Period, the Group's gross profit margin remained stable at 55.9% as compared to 57.5% for the year ended 31 March 2021.

## Other gains, net

During the Reporting Period, the Group recorded net other gains of approximately HK\$38.6 million with respect to net other gains of approximately HK\$83.0 million for the year ended 31 March 2021, mainly comprising (i) net gains on disposals of financial assets at fair value through profit or loss due to the sales of listed equities of approximately HK\$3.1 million (2021: HK\$14.9 million); and (ii) the net fair value gains on financial assets at fair value through profit or loss of approximately HK\$34.8 million (2021: HK\$63.3 million).

## Selling expenses

Selling expenses are mainly incurred by the Apparel Business and 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\$3.5 million for the year ended 31 March 2022 from approximately HK\$5.4 million for the year ended 31 March 2021, representing a decrease of approximately 35.5% which was mainly attributable to the cost control measurements adopted in relation to the Apparel Business, in response to the adverse business environment.

## 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 decreased to approximately HK\$78.5 million for the year ended 31 March 2022 from approximately HK\$100.7 million for the year ended 31 March 2021, representing a decrease of approximately 22.0%. Such decrease was mainly due to the absence of share-based payment expenses upon granting of share options to eligible participants of approximately HK\$32.0 million incurred in the year ended 31 March 2021.

## Finance costs

The overall finance cost increased from approximately HK\$2.1 million for the year ended 31 March 2021 to approximately HK\$8.9 million for the year ended 31 March 2022 which was mainly attributable to the Group's increased usage of debt financing instruments, including bank borrowing, corporate bonds and promissory notes.

As at 31 March 2022, the Group had (i) bank borrowing of approximately HK\$80.0 million with a floating interest rate of 2.3% per annum over the Hong Kong Interbank Offered Rate (2021: nil); (ii) bonds payable of approximately HK\$93.0 million (2021: HK\$6.0 million); and (iii) promissory notes of approximately HK\$25.0 million (2021: HK\$22.4 million).

## Profit and total comprehensive income attributable to owners of the Company

Total comprehensive income attributable to owners of the Company was approximately HK\$109.8 million for the year ended 31 March 2022, representing a decrease of approximately 45.3% from approximately HK\$200.8 million for the year ended 31 March 2021. The decrease was mainly attributable to the decrease of segment profits from the financial services of licensed business by approximately HK\$105.2 million and partly offset by the increase in segment profit in money lending business and reduction of segment loss in the Apparel Business.

## LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2022, the Group mainly financed its operations with its own working capital, bank borrowing and proceeds from issuance of corporate bonds and promissory notes. As at 31 March 2022 and 2021, the Group had net current assets of approximately HK\$374.9 million and HK\$287.1 million respectively, including cash and cash equivalents of approximately HK\$154.6 million and HK\$56.2 million respectively. The Group's current ratio decreased from approximately 3.47 as at 31 March 2021 to approximately 2.23 as at 31 March 2022. Such decrease was mainly due to increase in current liabilities, particularly in trade and other payables, bank borrowing and bonds payable.

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2022, the Group has bank borrowing of approximately HK\$80.0 million at a floating interest rate of 2.3% per annum over the Hong Kong Interbank Offered Rate. The bank borrowing is denominated in Hong Kong Dollars and is repayable within one year and secured by corporate guarantee given by the Company.

During the year ended 31 March 2021, 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 report). As at 31 March 2022, the promissory note has been fully repaid.

During the Reporting Period, the Group issued another six promissory notes to independent third-party subscribers. As at 31 March 2022, the aggregate principal amount of promissory notes issued by the Group amounted to approximately HK\$25.0 million, with fixed interest rates ranging from 3% to 9% per annum, which are denominated in Hong Kong Dollars and shall be repayable within one year.

As of 31 March 2022, the Group has unlisted coupon bonds in issue to independent third-party subscribers with an aggregate principal amount of HK\$93.0 million (2021: HK\$6.0 million). The unlisted bonds are denominated in Hong Kong Dollars and unsecured and not guaranteed. The coupon rate and maturity date of the unlisted coupon bonds issued by the Group as at 31 March 2022 are set out as follows:

<b>Principal amount of the unlisted bonds</b>	<b>Maturity date</b>	<b>Coupon rate</b>
(1) HK\$6 million	Within 84 months from the date of issue	5%
(2) HK\$74 million	Within 24 months from the date of issue	8%
(3) HK\$13 million	Within 12 months from the date of issue	8%

As at 31 March 2022 and 2021, the cash and cash equivalents of the Group were mainly held in United States 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 borrowing, bonds payable, promissory notes and lease liabilities) by total equity as at the end of the reporting period. The Group’s gearing ratio increased from approximately 7.8% as at 31 March 2021 to approximately 39.5% as at 31 March 2022, which is mainly due to increase of the Group’s debt financing.

## 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 and capital injection to a limited partnership fund. As at 31 March 2022, the Group has lease commitments for short-term lease of approximately HK\$80,000 (2021: nil) and the capital commitments of the Group amounted to approximately HK\$3.3 million (31 March 2021: nil).

## CAPITAL STRUCTURE

The capital structure of the Group consists of (i) net cash and cash equivalents; (ii) equity attributable to owners of the Group, comprising issued capital and other reserves; and (iii) other borrowings comprising corporate bonds, bank borrowing and promissory notes.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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, DJT Equity Series SPC ("**Cayman Fund**").

As at 31 March 2022, the Cayman Fund had one segregated portfolio (the "**Segregated Portfolio**") with expected fund size of HK\$120 million and the Group had subscribed for 100,000 participating shares of the Segregated Portfolio in the sum of HK\$100 million. As at 31 March 2022, the Group holds 64,800 participating shares in the Cayman Fund, representing approximately 97.0% of the participating shares of the Segregated Portfolio.

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%.

During the Reporting Period, the Group redeemed 21,500 participating shares in the Cayman Fund at approximately HK\$30.0 million. The amount includes a realised fair value gain of approximately HK\$1.4 million.

As at 31 March 2022, the fair value of the investment in the Cayman Fund amounted to approximately HK\$86.7 million (2021: HK\$119.1 million), which represents approximately 9.5% (2021: 19.0%) of the total assets of the Group as at 31 March 2022. No dividend was received from this investment by the Group during the Reporting Period. During the Reporting Period, there is a fair value loss of approximately HK\$3.7 million (2021: fair value gain 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 Xinrong ("**Ms. Jiang**"), the honorary chairman of the Board and the non-executive Director and Mr. Chen Ningdi, the Chairman, the executive Director and chief executive officer of the Company. 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 2022, the fair value of the investment in the Target Company amounted to approximately HK\$110.7 million (2021: HK\$71.2 million), which represents approximately 12.1% of the total assets of the Group as at 31 March 2022. 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\$38.5 million (2021: 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, as at 31 March 2022, 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 2022.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 March 2022. 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 Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") as and when appropriate.

## CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2022 and 2021.

## FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk is primarily related to Renminbi, United States dollars, Singapore dollars and Canadian dollars. As at 31 March 2022 and 2021, foreign exchange risk on financial assets and liabilities denominated in the above-mentioned foreign currencies was insignificant to the Group. The Group currently does not undertake any foreign currency hedging and does not use any financial instrument for hedging purposes.

## CHARGE ON GROUP ASSETS

As at 31 March 2022, the Group did not pledge any of its assets (31 March 2021: nil) as securities for any facilities granted to the Group.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022 and 2021, the Group employed a total of 67 and 61 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 2022 and 2021, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$41.8 million and HK\$64.2 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. The Group has also adopted a share option scheme and a share award scheme in which the employees of the Group are a category of eligible participants as incentive or reward for their contribution to the Group. The Group also provides appropriate staff training and development, so as enhance the Group's sustainable development.

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## DONATIONS

During the Reporting Period, the Group has made a donation of approximately HK\$230,000.

## SUBSEQUENT EVENTS

On 23 May 2022, (i) DL Asset Management Limited (“**DL Asset Management**”) (as the purchaser) and DL Global Holdings Limited (“**DL Global Holdings**”) (as the vendor) entered into an acquisition agreement, pursuant to which, DL Asset Management will acquire and DL Global Holdings will sell 8,195,441 shares (representing approximately 45.0% of the total issued share capital) of DL Family Office (HK) Limited (“**DL Family Office HK**”) at a consideration of HK\$63,000,000; and (ii) DL Asset Management (as the purchaser) and DL Family Office Limited (“**DL Family Office BVI**”) being a direct wholly-owned subsidiary of DL Global Holdings, (as the vendor) entered into an acquisition agreement, pursuant to which, DL Asset Management will acquire and DL Family Office BVI will sell 1,750,000 shares (representing the entire issued share capital) of Emerald Wealth Management Limited (“**Emerald Wealth**”) at a consideration of HK\$15,500,000.

The acquisitions of DL Family Office HK and Emerald Wealth (the “**Acquisitions**”) are conducted for the following purposes: (i) the acquisition of Emerald Wealth would allow the Group to enter into the insurance brokerage business, which would be complimentary to the existing financial services provided by the Group and is an important step for the Group to develop into a full-service integrated financial services provider. In addition to the diversification of the Group’s business, the Board is of the view that the acquisition of Emerald Wealth can offer the Group an opportunity to immediately tap into the success of an on-going business and enable the Group to acquire its readily available resources; and (ii) the Board considers that the acquisition of DL Family Office HK could broaden the income sources of the Group with potential dividend income distributed from DL Family Office HK. In future, if the DL Family Office HK Acquisition materialises, the Board will look for potential collaboration opportunities with DL Family Office HK with the aim to mutually benefit the Group as well as DL Family Office HK.

DL Global Holdings is owned as to 36.6% and 30% by Ms. Jiang Xinrong, the non-executive Director and Mr. Chen Ningdi, the Chairman, executive Director and chief executive officer and DL Family Office BVI is a direct wholly owned subsidiary of DL Global Holdings. Therefore, both DL Global Holdings and DL Family Office BVI are connected persons of the Company, and the Acquisitions constituted connected transactions of the Company as defined under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements, but exempt from the circular and independent shareholders’ approval under Chapter 14A of the Listing Rules. The Acquisitions have not completed as at the date of this report.

For details of the Acquisitions, please refer to the Company’s announcements on 23 May 2022 and 26 May 2022.

Since 31 March 2022 and up to the date of this report, save as disclosed above, there is no significant event affecting the Group that have occurred.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Chen Ningdi (陳寧迪)**, aged 43, has been appointed as an executive Director, Chief Executive Officer and Chairman of the Board with effect from 28 February 2020, 27 March 2020 and 10 January 2022 respectively. He is also the director of certain subsidiaries of the Company. He has over 20 years of experience in global financial industry. He founded DL Securities (HK) Limited (“**DL Securities**”) and, together with Ms. Jiang Xinrong, DL Family Office (HK) Limited (“**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 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 Xinrong, a non-executive Director and honorary 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 of the Company (the “**Shares**”) as at 31 March 2022 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

**Mr. Lang Joseph Shie Jay (郎世杰) (“Mr. Lang”)**, aged 35, has been appointed as an executive Director with effect from 10 January 2022. Mr. Lang joined DL Securities in April 2017 and he has become the chief executive officer in February 2020 and the director of DL Securities in August 2020. DL Securities was acquired by the Group in November 2019 and became a subsidiary of the Group. He engages in various debt and equity investments in private and public companies. Prior to joining the Group, he was a non-executive director of Greater China Financial Holdings Limited (Stock Code: 431), the shares of which are listed on the Main Board of the Stock Exchange (“**Greater China**”), from January 2015 to April 2016. He was the founder, director and chief executive officer of Shanghai Yousheng Investment Consulting Co., Limited\* (上海佑勝投資諮詢有限公司) and was in charge of its overall business operations and development before it was acquired by Greater China in 2014. He was also the founder, director and chief executive officer of Orient Credit Holdings Limited before it was acquired by Greater China in 2014. He was previously a director of Key Victory Holdings Limited and Oriental Credit Company Limited and the general manager of Shanghai Xinsheng Pawnshop Co., Limited\* (上海新盛典當有限公司). He is the co-founder and chief executive officer of Shanghai Han Hao Investment Holdings Ltd since 2009 and co-founded the China-based secondary market hedge fund, the ‘Lang Fund’. Mr. Lang graduated from the University of Michigan 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. Lang’s interest in the Shares as at 31 March 2022 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

**Mr. Ai Kuiyu (艾奎宇) (“Mr. Ai”)**, aged 39, has been appointed as an executive Director with effect from 10 January 2022. Mr. Ai is the chief marketing officer of the Company since February 2020 and has extensive experience in international communication journalism and marketing. Mr. Ai is also the director of DL Asset Management Limited, a subsidiary of the Company. Prior to joining the Group, Mr. Ai was an executive director from March 2017 to February 2020 and the chairman of the board of directors from June 2019 to February 2020 of Sino Vision Worldwide Holdings Limited (新維國際控股有限公司), a company listed on GEM of the Stock Exchange (Stock Code: 8086). From 2005 to 2016, he had worked as an anchor, moderator, producer and news reporter at China Central Television (中國中央電視台) in the PRC. He obtained a Bachelor’s Degree in Spanish from the Communication University of China in 2005 and a Master of Arts Degree in journalism from the Renmin University of China in 2014. He completed the Risk Management sessions from the Executive Education Programme of Business School of Imperial College in November 2021.

\* For identification purposes only

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ai is also (a) a member of the 8th Council of the Western Returned Scholars Association; (b) a standing director of the Federation of Hong Kong Jiangsu Youth; (c) a guest researcher of the China Institute of Fudan University since May 2016; and (d) a guest lecturer of the Wuhan Institute of Design and Sciences since November 2019.

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. Ai’s interest in the Shares as at 31 March 2022 which fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

### NON-EXECUTIVE DIRECTORS

**Ms. Jiang Xinrong** (江欣榮) (“**Ms. Jiang**”), aged 39, has been appointed as an executive Director and Chairman of the Board with effect from 18 June 2019 and 28 February 2020 respectively and subsequently been re-designated as a non-executive Director and the honorary chairman of the Board on 10 January 2022. 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 also completed the advanced management development program in real estate in the Graduate School of Design of Harvard University in November 2021. Ms. Jiang has years of experience in the financial services industry and media industry. In 2012, Ms. Jiang, together with Mr. Chen Ningdi, founded DL Family Office, which is currently a corporation licensed by the SFC 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 provides 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, Chairman of the Board and the Chief Executive Officer. Ms. Jiang is a director of DL Global Holdings Limited, a company having an interest in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO.

Please refer to the 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 2022 which would fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

**Mr. Chan Kwun Wah Derek** (陳冠樺) (formerly known as Chan Chi Hung Derek) (“**Mr. Chan**”), aged 51, 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 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 from the University of Strathclyde in 1999 and a Bachelor’s Degree in Business Administration from 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. From October 2020 to June 2021, he served 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.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chang Eric Jackson (張世澤) (“Mr. Chang”)**, aged 42, 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.

**Mr. Chen Cheng-Lien (陳政璉)** (also known as Chen Cheng-Lang and Chen Stanley), aged 43, 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 the Taipei 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 the 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 from the University of Illinois at Urbana Champaign, the United States in December 2001, a master’s degree in financial engineering from the University of California, Berkeley in May 2003 and Master of Business Administration 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 PRC in August 2019.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Liu Chun (劉春) (“Mr. Liu”)**, aged 54, 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’s degree from the Anhui Normal University major in Chinese in 1983 and a master’s 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 2022 which would fall to be disclosed to the Company under Divisions 7 and 8 of Part XV of the SFO.

### SENIOR MANAGEMENT

The members of senior management are the executive Directors whose biography are set out above.

\* For identification purposes only

# 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.

Provision C.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. Since 10 January 2022, Mr. Chen Ningdi performed his duties as both the chairman and chief executive officer of the Company. However, the Board is of the view that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus is in the best interest of the Group. The Board has full confidence in Mr. Chen Ningdi and believes that his appointment to the posts of chairman and chief executive officer of the Company is beneficial to the business prospects of the Group.

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 2022.

## 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 2022.

## BOARD OF DIRECTORS

For the year ended 31 March 2022, the Board consisted of:

### Executive Directors

Mr. Chen Ningdi (*Chairman and Chief Executive Officer*)  
Mr. Lang Joseph Shie Jay (*appointed with effect from 10 January 2022*)  
Mr. Ai Kuiyu (*appointed with effect from 10 January 2022*)

### Non-executive Directors

Ms. Jiang Xinrong\* (*Honorary Chairman*) (*re-designated as a non-executive director with effect from 10 January 2022*)  
Mr. Chan Kwun Wah Derek  
Mr. Li Ren (*resigned with effect from 10 January 2022*)

### Independent non-executive Directors

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

\* 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.

# CORPORATE GOVERNANCE REPORT

For the year ended 31 March 2022, a total of 8 Board meetings and 1 general meeting were held. The attendance records of each Director in relation to the Board meetings and general meeting are set out in the table below:

<b>Name of Directors</b>	<b>Board meeting attended/eligible to attend</b>	<b>General meeting attended/eligible to attend</b>
Mr. Chen Ningdi	8/8	1/1
Mr. Lang Joseph Shie Jay	0/0	0/0
Mr. Ai Kuiyu	0/0	0/0
Ms. Jiang Xinrong	7/8	1/1
Mr. Chan Kwun Wah Derek	7/8	0/1
Mr. Li Ren ( <i>resigned with effect from 10 January 2022</i> )	3/8	0/1
Mr. Chang Eric Jackson	8/8	1/1
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)	7/8	0/1
Mr. Liu Chun	6/8	0/1

## 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 2022, 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 determining the policy of corporate governance of the Group in accordance with the CG Code. 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 2022, 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.

# CORPORATE GOVERNANCE REPORT

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

Provision C.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. Since 10 January 2022, Mr. Chen Ningdi performed his duties as both the chairman and chief executive officer of the Company. However, the Board is of the view that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus is in the best interest of the Group. The Board has full confidence in Mr. Chen Ningdi and believes that his appointment to the posts of chairman and chief executive officer of the Company is beneficial to the business prospects of the Group.

## 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.

Non-executive Directors and 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 non-executive Directors and the independent non-executive Directors are 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 2022, all the existing Directors, namely Mr. Chen Ningdi, Mr. Lang Joseph Shie Jay, Mr. Ai Kuiyu, Ms. Jiang Xinrong, Mr. Chan Kwun Wah Derek, 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.

# CORPORATE GOVERNANCE REPORT

## 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, 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 2022.

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 2022 and during the meetings, the Audit Committee reviewed the unaudited interim results as well as the audited annual results of the Group, discussed the audit findings with the external auditor of the Company and raised questions on the unaudited interim results and the audited annual results of the Group. The record of attendance of each member of the Audit Committee is set out below:

<b>Name of members of the Audit Committee</b>	<b>Meeting attended/ eligible to attend</b>
Mr. Chang Eric Jackson ( <i>Chairman</i> )	2/2
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)	2/2
Mr. Liu Chun	2/2

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 2022, the Company had appointed an independent consultant as the Group’s internal audit function 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 and internal audit functions were effective and in compliance with the requirements of code provision C.2.1 of the CG Code for the year ended 31 March 2022 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 2022, 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; Ms. Jiang Xinrong (a former member of the Remuneration Committee who ceased to be a member of Remuneration Committee on 10 January 2022); and Mr. Chen Ningdi (appointed with effect from 10 January 2022) 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.

# CORPORATE GOVERNANCE REPORT

Two meetings were held by the Remuneration Committee for the year ended 31 March 2022. 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 2022, as well as performance review and remuneration package of Directors and senior management. During the year ended 31 March 2022, the Remuneration Committee made recommendations to the Board on the remuneration packages of Directors and senior management. The record of attendance of each member of the Remuneration Committee is set out below:

<b>Name of members of the Remuneration Committee</b>	<b>Meeting attended/ eligible to attend</b>
Mr. Chang Eric Jackson ( <i>Chairman</i> )	2/2
Mr. Chen Ningdi ( <i>appointed with effect from 10 January 2022</i> )	0/0
Ms. Jiang Xinrong ( <i>ceased to be a member of Remuneration Committee on 10 January 2022</i> )	2/2
Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)	2/2

Details of emoluments of the Directors of the Group for the year ended 31 March 2022 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 2022, it consisted of members, namely Mr. Chen Ningdi (chairman of the Nomination Committee) (appointed with effect from 10 January 2022), being an executive Director; Ms. Jiang Xinrong (the former chairman of the Nomination Committee who ceased to be chairman of Nomination Committee on 10 January 2022); and 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; assess 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 2022. In the meetings, the Nomination Committee has performed its duties to review the structure, size, composition and diversity 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:

<b>Name of members of the Nomination Committee</b>	<b>Meeting attended/ eligible to attend</b>
Mr. Chen Ningdi ( <i>Chairman</i> ) ( <i>appointed with effect from 10 January 2022</i> )	0/0
Ms. Jiang Xinrong ( <i>ceased to be the chairman of Nomination Committee on 10 January 2022</i> )	2/2
Mr. Chang Eric Jackson	2/2
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.

# CORPORATE GOVERNANCE REPORT

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 satisfies 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 2022, 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.

# CORPORATE GOVERNANCE 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 defence, 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 2022, 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 2022, 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 2022.

## AUDITOR'S REMUNERATION

For the year ended 31 March 2022, the fees paid/payable to the Company's auditor is set out as follows:

Services rendered	Fee paid/payable (HK\$'000)
Audit services	1,342
	1,342

## 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 2022, the Company Secretary undertook not less than 15 hours of professional training to update the skills and knowledge.

# CORPORATE GOVERNANCE REPORT

## 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 requisitioner(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 requisitioner(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 requisitioner(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitioner(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitioner(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](mailto: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](mailto: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.

# CORPORATE GOVERNANCE REPORT

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 2022, 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 F.1.1 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 2022.

## 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) provision of enterprise solutions 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 2021, the Board resolved to approve an interim dividend of HK\$0.0104 per ordinary share for the six months ended 30 September 2021. Total dividend of approximately HK\$14,873,000 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\$0.014 per Share in the form of cash in respect of the Reporting Period, amounting to a total dividend of approximately HK\$20.02 million to Shareholders whose names appear on the register of members of the Company on Thursday, 29 September 2022 (record date). Subject to approval of the Shareholders at the annual general meeting of the Company to be held on Tuesday, 20 September 2022 (“AGM”), it is expected that the final dividend will be paid to the eligible Shareholders on or around Tuesday, 11 October 2022. 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 2022.

## BONUS SHARES

For the year ended 31 March 2022, the Board recommended to issue bonus Shares (the “**Bonus Shares**”, each a “**Bonus Share**”) on the basis of one new Bonus Share credited as fully paid for every 60 existing Shares held by the Shareholders whose names appear on the register of members of the Company on Thursday, 29 September 2022 (the “**Bonus Issue**”). The Bonus Issue is subject to, among others, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Bonus Shares and the Shareholders’ approval at the AGM, and if all necessary approvals are obtained, the share certificate of the Bonus Shares will be posted on or about Friday, 14 October 2022.

A further announcement and a circular containing, among other things, further details of the Bonus Issue (including a detailed timetable) will be despatched to the Shareholders as soon as possible.

## BUSINESS REVIEW

A discussion and analysis of the Group’s performance during the year ended 31 March 2022, 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 2022, 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.

# REPORT OF THE DIRECTORS

## 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 2022 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 2022.

## EQUITY LINKED AGREEMENT

Save as disclosed in the sections headed "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 2022.

## RESERVES

Details of the movements in the reserves of the Company and the Group during the year ended 31 March 2022 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 47 of this annual report respectively.

## DISTRIBUTABLE RESERVES

For the year ended 31 March 2022, 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\$296.2 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 2022, the Group's largest and five largest customers represented approximately 17.1% and 41.6% of the Group's total revenue respectively, and the Group's largest and five largest suppliers represented approximately 40.1% and 62.8% 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 2022.

## DIRECTORS

During the year ended 31 March 2022 and up to the date of this annual report, the Directors were as the followings:

### Executive Directors

Mr. Chen Ningdi (*Chairman and Chief Executive Officer*)

Mr. Lang Joseph Shie Jay (*appointed with effect from 10 January 2022*)

Mr. Ai Kuiyu (*appointed with effect from 10 January 2022*)

# REPORT OF THE DIRECTORS

## Non-executive Directors

Ms. Jiang Xinrong (*Honorary Chairman*)

*(re-designated from an executive Director to a non-executive Director with effect from 10 January 2022)*

Mr. Chan Kwun Wah Derek

Mr. Li Ren (*resigned with effect from 10 January 2022*)

## Independent non-executive Directors

Mr. Chang Eric Jackson

Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley)

Mr. Liu Chun

According to article 84(1) of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Any Director who retires under this article shall then be eligible for re-election as Director. Mr. Chan Kwun Wah Derek and Mr. Liu Chun 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 to fill a casual vacancy shall hold office only until the next following general meeting of the Company and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting. Mr. Lang Joseph Shie Jay (who was appointed by the Board as an executive Director with effect from 10 January 2022) and Mr. Ai Kuiyu (who was appointed by the Board as an executive Director with effect from 10 January 2022) will retire as Directors and, being eligible, offer themselves for re-election as Directors at the AGM.

## BIOGRAPHIES OF DIRECTORS

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

## DIRECTORS’ SERVICE CONTRACTS/APPOINTMENT LETTERS

As at the date of this annual report, each of the executive Directors has entered into a service contract with the Company. The term of service agreement of Mr. Chen Ningdi, an executive Director, is for an initial term of three years commencing from 28 February 2020 and is subject to retirement by rotation and other related provisions as stipulated in the Articles. The term of service agreement of Mr. Lang Joseph Shie Jay, an executive Director, is for an initial term of three years commencing from 10 January 2022 and is subject to retirement by rotation and other related provisions as stipulated in the Articles. The term of service agreement of Mr. Ai Kuiyu, an executive Director, is for an initial term of three years commencing from 10 January 2022 and is subject to retirement by rotation and other related provisions as stipulated in the Articles.

Ms. Jiang Xinrong, being re-designated as a non-executive Director with effect from 10 January 2022, entered into a letter of appointment with the Company for an initial term of three years commencing from 10 January 2022 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.

# REPORT OF THE DIRECTORS

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 2022.

## 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 2022 are set out below:

Remuneration bands	Number of persons
HK\$0 to HK\$1,000,000	8
HK\$1,000,001 to HK\$1,500,000	1
HK\$1,500,000 to HK\$2,000,000	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 2022, 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.

# REPORT OF THE DIRECTORS

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

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company 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 (“ <b>Ms. Jiang</b> ”)	Interest of spouse	544,524,395 (Note 2)	38.08%
	Interest of controlled corporation	222,418,000 (Note 3)	15.55%
Mr. Chen Ningdi (“ <b>Mr. Chen</b> ”)	Interest of controlled corporation	544,524,395 (Note 2)	38.08%
	Interest of spouse	222,418,000 (Note 3)	15.55%
Mr. Ai Kuiyu	Beneficial owner	13,508,000 (Note 4)	0.94%
Mr. Liu Chun	Beneficial owner	3,000,000 (Note 5)	0.21%
Mr. Lang Joseph Shie Jay (“ <b>Mr. Lang</b> ”)	Interest of spouse	1,404,000 (Note 6)	0.10%

Notes:

- Based on the total number of issued Shares as at 31 March 2022.
- DA Wolf Investments I Limited (“**DA Wolf**”) and Summer Empire Investments Limited (“**Summer Empire**”) directly owned 527,024,395 Shares and 17,500,000 Shares respectively, representing approximately 36.85% and 1.22% of all issued Shares of the Company as at 31 March 2022 respectively. Mr. Chen being the sole shareholder of DA Wolf and Summer Empire was deemed to be interested in the total of 544,524,395 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.
- 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 15.55% of all issued Shares as at 31 March 2022. 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.
- These 13,508,000 Shares represented 6,008,000 Shares held by Mr. Ai Kuiyu and 7,500,000 share options granted to Mr. Ai Kuiyu pursuant to the Share Option Scheme of the Company.
- These 3,000,000 Shares represented the share options granted to Mr. Liu Chun pursuant to the Share Option Scheme of the Company.
- These 1,404,000 Shares represented the Shares held by the spouse of Mr. Lang. By virtue of the SFO, Mr. Lang was deemed to be interested in those Shares.

Save as disclosed above, as at 31 March 2022, 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.

# REPORT OF THE DIRECTORS

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

At 31 March 2022, 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	527,024,395 (Note 2)	36.85%
DL Global	Interest of controlled corporation	222,418,000 (Note 3)	15.55%
Rapid Raise	Beneficial owner	222,418,000 (Note 3)	15.55%
Mr. Li Ren	Beneficial owner	118,892,000 (Note 4)	8.31%

Notes:

1. Based on the total number of issued Shares as at 31 March 2022.
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 118,892,000 Shares represented the Shares beneficially owned by Mr. Li Ren.

Save as disclosed above, as at 31 March 2022, 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)**").

During the year ended 31 March 2022, the Company did not grant any share options under the Share Option Scheme. As at 31 March 2022, the Company had 29,500,000 (31 March 2021: 63,000,000) share options outstanding under the Share Option Scheme.

## REPORT OF THE DIRECTORS

Pursuant to the resolution passed by the Shareholders in the annual general meeting of the Company held on 9 September 2021, 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 143,012,100 Shares, representing 10% 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.

# REPORT OF THE DIRECTORS

Details of movements in the share options under the Share Option Scheme during the year ended 31 March 2022 are as follows:

Category and name of grantee	Date of grant	Outstanding as at 1 April 2021 (Note 2)	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 March 2022 (Note 2)	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
<b>Directors</b>											
Mr. Liu (Note 1)	17 August 2020	3,000,000	-	-	-	-	3,000,000	HK\$1.00	HK\$0.880	N/A	17 August 2020 to 16 August 2023
Employee(s) of the Group	17 August 2020	5,500,000	-	(4,000,000)	-	-	1,500,000	HK\$1.00	HK\$0.880	HK\$3.04	17 August 2020 to 16 August 2023
	19 November 2020	53,000,000	-	(29,500,000)	-	-	23,500,000	HK\$2.50	HK\$2.30	HK\$2.75	19 November 2020 to 18 November 2023
Other participant(s) (Note 3)	17 August 2020	1,500,000	-	-	-	-	1,500,000	HK\$1.00	HK\$0.880	N/A	17 August 2020 to 16 August 2023
<b>Total</b>		<b>63,000,000</b>	<b>-</b>	<b>(33,500,000)</b>	<b>-</b>	<b>-</b>	<b>29,500,000</b>				

Notes:

1. Mr. Liu is an independent non-executive Director.
2. All granted options shall vest immediately upon date of grant.
3. Such options were grant to Ms. Pan Youzhen, a consultant, who has over 20 years' working experience in banking and financial services industry in the PRC and extended knowledge of cross-border investments. Granting the options to her provided incentive for her commitment to develop the Group's financial services business and align her interest with the Company and its Shareholders.

Save as disclosed above, no share options were granted or exercised or cancelled or lapsed during the year ended 31 March 2022.

## 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 (HK) Limited, 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.

# REPORT OF THE DIRECTORS

During the year ended 31 March 2022, the Company has granted 202,000 shares under the Share Award Scheme. As at 31 March 2022, the Company had 50,473,000 Shares held under the Share Award Scheme (31 March 2021: 12,260,000 Shares). During the year ended 31 March 2022, the trustee of the Share Award Scheme, being a subsidiary of the Company, purchased on the Stock Exchange 38,415,000 Shares at an aggregate consideration of approximately HK\$98,778,000.

## 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 2022.

## 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 2022.

## DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2022 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 2022. 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 2022 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 2022 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 2022. 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 2022 other than those connected transactions which are fully exempted under Chapter 14A of the Listing Rules.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS

On 23 May 2022, (i) DL Asset Management Limited (“**DL Asset Management**”) (as the purchaser) and DL Global Holdings Limited (“**DL Global Holdings**”) (as the vendor) entered into an acquisition agreement, pursuant to which, DL Asset Management will acquire and DL Global Holdings will sell 8,195,441 shares (representing approximately 45.0% of the total issued share capital) of DL Family Office (HK) Limited (“**DL Family Office HK**”) at a consideration of HK\$63,000,000; and (ii) DL Asset Management (as the purchaser) and DL Family Office Limited (“**DL Family Office BVI**”) being a direct wholly-owned subsidiary of DL Global Holdings, (as the vendor) entered into an acquisition agreement, pursuant to which, DL Asset Management will acquire and DL Family Office BVI will sell 1,750,000 shares (representing the entire issued share capital) of Emerald Wealth Management Limited (“**Emerald Wealth**”) at a consideration of HK\$15,500,000.

The acquisitions of DL Family Office (HK) Limited and Emerald Wealth Management Limited (the “**Acquisitions**”) are conducted for the following purposes: (i) the acquisition of Emerald Wealth would allow the Group to enter into the insurance brokerage business, which would be complimentary to the existing financial services provided by the Group and is an important step for the Group to develop into a full-service integrated financial services provider. In addition to the diversification of the Group’s business, the Board is of the view that the acquisition of Emerald Wealth can offer the Group an opportunity to immediately tap into the success of an on-going business and enable the Group to acquire its readily available resources; and (ii) the Board considers that the acquisition of DL Family Office HK could broaden the income sources of the Group with potential dividend income distributed from DL Family Office HK. In future, if the DL Family Office HK Acquisition materialises, the Board will look for potential collaboration opportunities with DL Family Office HK with the aim to mutually benefit the Group as well as DL Family Office HK.

DL Global Holdings is owned as to 36.6% and 30% by Ms. Jiang, the non-executive Director and Mr. Chen Ningdi, the Chairman, executive Director and Chief Executive Officer and DL Family Office BVI is a direct wholly owned subsidiary of DL Global Holdings. Therefore, both DL Global Holdings and DL Family Office BVI are connected persons of the Company, and the Acquisitions constituted connected transactions of the Company as defined under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements, but exempt from the circular and independent shareholders’ approval under Chapter 14A of the Listing Rules. The Acquisitions have not completed as at the date of this annual report.

For details of the Acquisitions, please refer to the Company’s announcements on 23 May 2022 and 26 May 2022.

## 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 2022 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 2022 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

**Mr. Chen Ningdi**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 23 June 2022

# INDEPENDENT AUDITOR'S REPORT



**To the members 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 45 to 127, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, 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.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

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

### 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 and 39.4 to the consolidated financial statements*

As at 31 March 2022, the Group has trade and other receivables of HK\$225,817,000 and loan and interest receivables of HK\$166,633,000, net of expected credit loss (“ECL”) allowance of HK\$666,000 and HK\$1,688,000 respectively.

The ECL assessment of trade and other receivables and loan and interest receivables involved significant management’s judgement and use of estimates to ascertain the recoverability of trade and other receivables.

ECL allowance for trade 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;
- obtaining an understanding from the valuer about the valuation methodology and key assumptions used in the valuation of ECL allowance for loans and interests receivables;
- 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;

# INDEPENDENT AUDITOR'S REPORT

## 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 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 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, testing the values of collaterals including pledged securities and properties of margin receivables accounts and mortgage loans respectively; and
- on a sample basis, reviewing and questioning credit profiles and reports of selected customers.

Based on the procedures performed, we found the management's impairment assessment of receivables to be supportable by available evidence.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matter

### Assessment of control over structured entities

*Refer to notes 2.3, 4.1 and 37 to the consolidated financial statements*

The Group acquires or retains an ownership interest in, or act as an 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.

## How the matter was addressed in our audit

Our audit procedures to assess control over structured entities included:

- reviewing the legal structures and reading the relevant constituent documents of these structured entities to assess the power held by the Group in making key operating and financing decisions and its exposure for variable returns from these 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;
- evaluating the power held by other parties which allow the removal of the Group as the general partner or investment manager and assessing whether the rights held by other parties are substantive; and
- identifying if substantive rights held by any other parties in the structured entities, in combination with the Group's decision-making power and its level of exposure to the variable returns, constituted control by the Group over these structured entities on a case by case basis.

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.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matter

## How the matter was addressed in our audit

### Fair value of measurement of Level 3 financial instruments

*Refer to notes 2.7, 4.2, 22, 39.7 to the consolidated financial statements*

As at 31 March 2022, the Group's financial assets at fair value through profit or loss categorised as Level 3 amounting to approximately HK\$110,705,000.

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;
- Evaluating the competence, capabilities and objectivity of the valuer engaged by the Group by assessing its qualifications, relevant experience and relationship with the Group;
- assessing the reasonableness of significant unobservable inputs used in the valuation with the assistance from our valuation expert by comparing them to publicly available information of similar properties; 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.

# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2021/2022 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon.

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

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

## RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

23 June 2022

### **Ng Ka Kong**

Practising Certificate No.: P06919

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>	5	<b>309,065</b>	426,551
Cost of sales/services	7	<b>(136,345)</b>	(181,078)
<b>Gross profit</b>		<b>172,720</b>	245,473
Other gains, net	6	<b>38,630</b>	82,997
Selling expenses	7	<b>(3,455)</b>	(5,356)
General and administrative expenses	7	<b>(78,532)</b>	(100,729)
Expected credit loss of receivables, net	7	<b>(20)</b>	(2,531)
Operating profit		<b>129,343</b>	219,854
Finance income	12	<b>93</b>	10
Finance costs	12	<b>(8,900)</b>	(2,072)
Finance costs, net		<b>(8,807)</b>	(2,062)
<b>Profit before income tax</b>		<b>120,536</b>	217,792
Income tax expense	13	<b>(10,761)</b>	(16,994)
<b>Profit for the year</b>		<b>109,775</b>	200,798
<b>Other comprehensive income, including reclassification adjustments</b>			
Exchange differences on translation of foreign operations		<b>13</b>	–
<b>Other comprehensive income for the year, including reclassification adjustments</b>		<b>13</b>	–
<b>Total comprehensive income attributable to the owners of the Company for the year</b>		<b>109,788</b>	200,798
<b>Earnings per share attributable to owners of the Company (expressed in HK cents per share)</b>			
– Basic	15.1	<b>7.94</b>	15.06
– Diluted	15.2	<b>7.90</b>	15.00

The notes on pages 49 to 127 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	3,398	2,308
Right-of-use assets	17	9,349	9,754
Intangible assets	18	12,248	12,248
Goodwill	18	7,921	7,658
Deferred tax assets	19	294	312
Deposits	20	1,377	1,716
Financial assets at fair value through profit or loss	22	200,451	190,570
		<b>235,038</b>	224,566
<b>Current assets</b>			
Trade and other receivables, prepayments and deposits	20	227,531	211,309
Loan and interest receivables	21	166,633	92,701
Income tax recoverable		–	110
Bank balances – trust	23	130,942	43,033
Cash and cash equivalents	23	154,636	56,222
		<b>679,742</b>	403,375
<b>Current liabilities</b>			
Trade and other payables	27	160,281	78,936
Promissory notes	28	25,000	22,376
Bank borrowing	30	80,000	–
Bonds payable	32	13,000	–
Lease liabilities	31	6,453	5,665
Income tax payable		20,075	9,336
		<b>304,809</b>	116,313
<b>Net current assets</b>		<b>374,933</b>	287,062
<b>Total assets less current liabilities</b>		<b>609,971</b>	511,628
<b>Non-current liabilities</b>			
Lease liabilities	31	3,560	4,821
Trade and other payables	27	250	250
Bonds payable	32	80,000	6,000
		<b>83,810</b>	11,071
<b>Net assets</b>		<b>526,161</b>	500,557
<b>Equity</b>			
Share capital	24	14,301	13,966
Other reserves		250,319	271,015
Retained earnings		261,541	215,576
<b>Total equity</b>		<b>526,161</b>	500,557

**Chen Ningdi**  
Director

**Ai Kuiyu**  
Director

The notes on pages 49 to 127 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Other reserves							
	Share capital	Share premium*	Share options reserve*	Share held for share award scheme*	Translation reserve*	Capital reserve*	Retained earnings	Total equity
	HK\$'000	HK\$'000 (note 25)	HK\$'000 (note 25)	HK\$'000 (note 25)	HK\$'000 (note 25)	HK\$'000 (note 25)	HK\$'000	HK\$'000
<b>Balance as at 1 April 2020</b>	12,142	121,035	7,552	–	–	10	24,275	165,014
Profit for the year	–	–	–	–	–	–	200,798	200,798
Profit and total comprehensive income for the year	–	–	–	–	–	–	200,798	200,798
Share-based payments (note 11)	–	–	31,961	–	–	–	–	31,961
Acquisition of shares under Share Award Scheme (note (a))	–	–	–	(17,255)	–	–	–	(17,255)
Issuance of shares under Share Option Scheme (note 24(b))	1,069	82,836	(14,717)	–	–	–	–	69,188
Issuance of shares under Share Subscription (note 24(c))	755	59,593	–	–	–	–	–	60,348
Dividend paid (note 14)	–	–	–	–	–	–	(9,497)	(9,497)
Transactions with owners	1,824	142,429	17,244	(17,255)	–	–	(9,497)	134,745
<b>Balance as at 31 March 2021 and 1 April 2021</b>	<b>13,966</b>	<b>263,464</b>	<b>24,796</b>	<b>(17,255)</b>	<b>–</b>	<b>10</b>	<b>215,576</b>	<b>500,557</b>
Profit for the year	–	–	–	–	–	–	109,775	109,775
Other comprehensive income for the year	–	–	–	–	13	–	–	13
Profit and total comprehensive income for the year	–	–	–	–	13	–	109,775	109,788
Acquisition of shares under Share Award Scheme (note (a))	–	–	–	(98,778)	–	–	–	(98,778)
Shares granted under Share Award Scheme (note (a))	–	282	–	373	–	–	–	655
Issuance of shares under Share Option Scheme (note 24(a))	335	90,988	(13,574)	–	–	–	–	77,749
Dividend paid (note 14)	–	–	–	–	–	–	(63,810)	(63,810)
<b>Transactions with owners</b>	<b>335</b>	<b>91,270</b>	<b>(13,574)</b>	<b>(98,405)</b>	<b>–</b>	<b>–</b>	<b>(63,810)</b>	<b>(84,184)</b>
<b>Balance as at 31 March 2022</b>	<b>14,301</b>	<b>354,734</b>	<b>11,222</b>	<b>(115,660)</b>	<b>13</b>	<b>10</b>	<b>261,541</b>	<b>526,161</b>

\* Other reserves comprise the Group's reserve of HK\$250,319,000 (2021: HK\$271,015,000) in the consolidated statement of financial position.

Note:

- (a) During the year ended 31 March 2022, the Company contributed approximately HK\$98,778,000 (2021: HK\$17,255,000) at an average price of HK\$2.57 (2021: HK\$1.407) per share for repurchase of 38,415,000 (2021: 12,260,000) ordinary shares which are currently held under the share award scheme adopted on 8 September 2020 (the "Share Award Scheme"). During the year ended 31 March 2022, a total of 202,000 shares were granted to the eligible persons pursuant to the Share Award Scheme. No share award has been granted from this Share Award Scheme as of 31 March 2021.

The notes on pages 49 to 127 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	34(a)	108,038	45,017
Income tax refund		110	4,108
<i>Net cash generated from operating activities</i>		<b>108,148</b>	49,125
<b>Cash flows from investing activities</b>			
Acquisitions of subsidiaries, net of cash (paid)/acquired	37	(1,454)	4,421
Addition of financial assets at fair value through profit or loss		–	(252,382)
Cash outflow from deconsolidation of a subsidiary	37	–	(25)
Dividend received		9	1,614
Interest income received		93	10
Decrease/(increase) in amount due from a related party		1,351	(1,365)
Purchases of property, plant and equipment		(2,184)	(814)
Proceeds from disposals of financial assets at fair value through profit or loss		17,983	134,240
<i>Net cash generated from/(used in) investing activities</i>		<b>15,798</b>	(114,301)
<b>Cash flows from financing activities</b>			
Acquisition of shares under Share Award Scheme		(98,778)	(17,255)
Capital element of lease rentals paid		(6,697)	(5,277)
Dividend paid		(63,810)	(9,497)
(Decrease)/Increase in amounts due to related parties		(7,466)	7,466
Proceeds from short-term bank borrowing		80,000	–
Repayment of short-term bank borrowing		–	(6,362)
Interest paid		(8,634)	(1,498)
Interest element of lease rentals paid		(266)	(233)
Proceeds from issuance of bonds payable		87,000	6,000
Proceeds from issuance of promissory notes		41,650	–
Repayment of promissory notes		(39,026)	(3,900)
Net proceeds from issuance of share upon share subscription		–	60,348
Net proceeds from issuance of share upon exercise of share options		77,749	69,188
Shares granted under the Share Award Scheme		655	–
<i>Net cash generated from financing activities</i>		<b>62,377</b>	98,980
<b>Net increase in cash and cash equivalents</b>		<b>186,323</b>	33,804
Cash and cash equivalents at beginning of year		99,255	65,451
<b>Cash and cash equivalents at end of year</b>	23	<b>285,578</b>	99,255

The notes on pages 49 to 127 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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 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 enterprise solutions services. During the year ended 31 March 2022, certain subsidiaries started the operations and provided global identity planning and wealth inheritance consultancy services. In addition, the Group acquired ONE Advisory Limited (“**ONE Advisory**”) (previously known as Utop Advisory Limited), which is engaged in provision of global identity planning consulting services, in September 2021.

Asset management services were provided during the year ended 31 March 2021. The Group ceased to provide asset management services after deconsolidation of a sole subsidiary in provision of such services during the year ended 31 March 2021.

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

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

The consolidated financial statements for the year ended 31 March 2022 were approved for issue by the board of Directors on 23 June 2022.

## 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 HKFRSs, 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 (“**financial assets at 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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 subsidiaries which 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 the subsidiary, 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 2022 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 loses 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, investments 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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 exchange 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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.4 Foreign currency translation *(Continued)*

#### Group companies

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

### 2.5 Property, plant and equipment

Property, plant and equipment 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 the end of 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.6 Goodwill

Set out below are the accounting policies on goodwill arising on acquisitions 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 "Revenue from Contracts with Customers", 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; and
- FVTPL

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.7 Financial instruments *(Continued)*

#### **Financial assets** *(Continued)*

##### **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 balances – trust, cash and cash equivalents, trade and other receivables, deposits 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, net” in profit or loss.

#### **Financial liabilities**

##### **Classification and measurement of financial liabilities**

The Group's financial liabilities include trade and other payables, bank borrowing, promissory notes, bonds payable and leases liabilities.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.7 Financial instruments (Continued)

#### Financial liabilities (Continued)

#### Classification and measurement of financial liabilities (Continued)

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

#### Bank borrowing, bonds payable and promissory notes

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

Bank borrowing, bonds payable and promissory notes 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 and other payables

Trade 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 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.

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 receivables (excluding margin receivables)

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.8 Impairment of financial assets *(Continued)*

#### **Other financial assets measured at amortised cost**

The Group measures the ECL allowance for margin receivables, other receivables, amounts due from related parties, deposits, bank balances – trust, cash and cash equivalents and loan and interest receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

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

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

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

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.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the 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 (i) 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) or (ii) the financial assets is 90 days past due.

Detailed analysis of the ECL assessment of trade and other receivables, deposits, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.10 Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. 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.

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

### 2.11 Leases

#### **Definition of a lease and the Group as a lessee**

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 assesses 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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)*

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 substance fixed payments.

The Group remeasures lease liabilities whenever:

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

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 and car park 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.13 Share capital

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

### 2.14 Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses. Intangible assets with indefinite useful lives are tested for impairment as described below in note 2.17.

### 2.15 Revenue recognition

Revenue arises mainly from the provision of financial services of licensed business, money lending services, enterprise solution services assets management services and sales of apparel products.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.15 Revenue recognition *(Continued)*

#### **Provision of financial advisory 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.

#### **Provision of global identity planning and wealth inheritance consultancy services**

Global identity planning and wealth inheritance consultancy 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.

#### **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, 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, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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

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

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a 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.

#### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.18 Employee benefits *(Continued)*

#### **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

#### **(i) Share options**

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.

#### **(ii) Share awards**

The Group also grants shares of the Company to employees under its share award scheme, under which the awarded shares are purchased from the open market. The cost of share purchased from the open market is recognised in equity as treasury stock. The fair value of the employee services received in exchange for the grant of shares under the scheme is recognised as staff costs in the consolidated statement of profit or loss and other comprehensive income with a corresponding adjustment in shares held for share award reserve under equity.

### 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.

### 2.22 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 2.22 Accounting for income taxes *(Continued)*

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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 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.

The Group has identified the following reportable segments for the years ended 31 March 2021 and 2022:

- Financial services of licensed business – provision of 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 – provision of equity pledge financing services and money lending services to the customers;
- Sales of apparel products – sales of apparel products with the provision of supply chain management total solutions to customers;
- Enterprise solutions services – provision of global identity planning and wealth inheritance consultancy services, and other business consultancy services. During the year ended 31 March 2022, certain subsidiaries started the operations and provided consultancy services. In addition, the Group acquired ONE Advisory, which is engaged in provision for global identity planning consulting services, in September 2021; and
- Assets management services – provision of asset management services was identified as a reportable and operating segment for the year ended 31 March 2021. There is no such segment during the year ended 31 March 2022 as a result of deconsolidation of a sole subsidiary in provision of asset management services during the year ended 31 March 2021.

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

The measurement policies the Group used for reporting segment results under HKFRS 8 "Operating Segments" 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;
- changes in 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 net gains on disposal of financial assets at FVTPL;
- certain bank interest income;
- certain finance costs; 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. In addition, corporate assets which are not directly attributable to the business activities of any reportable segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities include contract liabilities, trade and other payables, provision for reinstatement cost, lease liabilities, income tax payable and bank borrowing 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 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.

### 2.25 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 parent of the Group.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 3. ADOPTION OF NEW AND AMENDED HKFRSs

### Amended HKFRSs that are effective for annual periods beginning or after 1 April 2021

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 2021:

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

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.

### 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 <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 <sup>1</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>4</sup>

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

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

<sup>3</sup> Effective date not yet determined

<sup>4</sup> 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

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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.

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 2022, the management fee and performance fee recognised is amounting to HK\$49,480,000 (2021: HK\$124,333,000).

Details of other interests in assets management entities 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 4.2 Estimation uncertainty *(Continued)*

#### **Estimation of impairment of trade 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 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 2022, the aggregate carrying amounts of trade and other receivables, loan and interest receivables and other financial assets measured at amortised cost amounted to HK\$225,817,000 (2021: HK\$209,297,000) (net of ECL allowance of HK\$666,000 (2021: HK\$756,000)), HK\$166,633,000 (2021: HK\$92,701,000) (net of ECL allowance of HK\$1,688,000 (2021: HK\$1,938,000)) and HK\$285,578,000 (2021: HK\$99,255,000), respectively.

When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade 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.

#### **Estimation of goodwill and intangible assets impairment**

The Group tests annually whether goodwill and intangible assets has suffered any impairment in accordance with the accounting policy stated in notes 2.3 and 2.14. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amounts of goodwill and intangible assets within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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. In the current year, the presentation of reportable segments of the Group are revised as the CODM believes the current reportable segments could provide better summary to them in reviewing the Group’s operating performance and making decision in resource allocation. Accordingly, the comparative figures of the reportable segments have been re-presented for the purpose of presenting segment information.

The Group has identified the following reportable and operating segments for the years ended 31 March 2021 and 2022:

- Financial services of licensed business – provision of 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 – provision of equity pledge financing services and money lending services to the customers;
- Sales of apparel products – sales of apparel products with the provision of supply chain management total solutions to customers;
- Enterprise solutions services – provision of global identity planning and wealth inheritance consultancy services, and other business consultancy services. During the year ended 31 March 2022, certain subsidiaries started the operations and provided consultancy services. In addition, the Group acquired ONE Advisory, which is engaged in provision for global identity planning consulting services, in September 2021; and
- Assets management services – provision of asset management services was identified as a reportable and operating segment for the year ended 31 March 2021. There is no such segment during the year ended 31 March 2022 as a result of deconsolidation of the sole subsidiary in provision of asset management services during the year ended 31 March 2021.

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, net gains on disposals of financial assets at FVTPL (related to segment of assets management services and segment of sales of apparel products), net fair value gains on financial asset at FVTPL (related to segment of sales of apparel products, segment of financial services of licensed business and segment of asset management services). Changes in fair value of financial assets at FVTPL (excluding financial assets at FVTPL in reportable and operating segments), certain net gains on disposal of financial assets at FVTPL, certain bank interest income, certain finance costs, certain 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

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

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

	2022 HK\$'000	2021 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Provision of financial services of licensed business (note (a))	141,352	288,218
– Sales of apparel products	130,381	133,475
– Provision of enterprise solutions services	22,290	–
	<b>294,023</b>	421,693
<b>Revenue from other source</b>		
– Interest income from provision of money lending services	15,042	4,858
	<b>309,065</b>	426,551
<b>Disaggregated by timing of revenue recognition under HKFRS 15</b>		
– Services provided over time	53,777	110,174
– Services provided at a point in time	109,865	178,044
– Goods transferred at a point in time	130,381	133,475
	<b>294,023</b>	421,693
<b>Revenue from other source</b>		
– Interest income from provision of money lending services	15,042	4,858
	<b>309,065</b>	426,551

Note (a):

	2022 HK\$'000	2021 HK\$'000
<b>Revenue from provision of financial services of licensed business</b>		
Service fee income from financial advisory services and investment management services	122,918	281,195
Commission and brokerage arising on securities dealing	18,434	7,023
	<b>141,352</b>	288,218

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2022 is as follows:

	Financial services of licensed business HK\$'000	Money lending services HK\$'000	Sales of apparel products HK\$'000	Enterprise solutions services HK\$'000	Inter- company elimination HK\$'000	Total HK\$'000
Revenue						
– From external customers	141,352	15,042	130,381	22,290	–	309,065
– Inter-segment revenue	1,069	–	–	–	(1,069)	–
<b>Reportable segment revenue</b>	<b>142,421</b>	<b>15,042</b>	<b>130,381</b>	<b>22,290</b>	<b>(1,069)</b>	<b>309,065</b>
<b>Reportable segment profit/(loss)</b>	<b>72,955</b>	<b>12,764</b>	<b>(30)</b>	<b>11,780</b>	<b>(1,753)</b>	<b>95,716</b>
Bank interest income						69
Unallocated other gains, net						
– Net gains on disposals of financial assets at FVTPL						1,361
– Net fair value gains on financial assets at FVTPL						34,780
Corporate and other unallocated expenses including depreciation of right-of-use assets of HK\$2,505,000						(5,816)
Finance costs						(5,574)
Profit before income tax						120,536
Other information:						
Net gains/(losses) on disposals of financial assets at FVTPL	2,609	–	–	(897)	–	1,712
Net fair value gains on financial assets at FVTPL	54	–	–	–	–	54
Bank interest income	23	–	–	1	–	24
Depreciation of property, plant and equipment	(1,081)	–	(46)	(7)	–	(1,134)
Depreciation of right-of-use assets (Provision for)/reversal of ECL on	(1,505)	(135)	(2,360)	–	–	(4,000)
– trade and other receivables	(270)	–	–	–	–	(270)
– loan and interest receivables	–	250	–	–	–	250
Finance costs	(2,373)	(843)	(110)	–	–	(3,326)
Income tax expense	(6,738)	(2,064)	(18)	(1,941)	–	(10,761)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

	Financial services of licensed business HK\$'000	Money lending services HK\$'000	Sales of apparel products HK\$'000	Enterprise solutions services HK\$'000	Inter- company elimination HK\$'000	Total HK\$'000
<b>Balance at 31 March 2022</b>						
Reportable segment assets	410,010	176,650	63,536	59,904	(288,015)	422,085
Unallocated						492,695
Total assets						914,780
Reportable segment liabilities	234,806	154,411	18,247	22,245	(203,852)	225,857
Unallocated						162,762
Total liabilities						388,619
Additions to non-current assets	2,129	11	18	340	–	2,498
Unallocated						6,224
						8,722
<b>Balance at 31 March 2021 (Restated)</b>						
Reportable segment assets	310,585	94,486	92,735	–	(263,287)	234,519
Unallocated						393,422
Total assets						627,941
Reportable segment liabilities	74,514	82,947	27,398	–	(114,721)	70,138
Unallocated						57,246
Total liabilities						127,384
Additions to non-current assets	11,108	254	4,767	–	–	16,129

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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)	–
<b>Reportable segment revenue</b>	<b>288,318</b>	<b>4,858</b>	<b>–</b>	<b>133,475</b>	<b>(100)</b>	<b>426,551</b>
<b>Reportable segment profit/(loss)</b>	<b>178,156</b>	<b>2,302</b>	<b>44,860</b>	<b>(5,544)</b>	<b>5,055</b>	<b>224,829</b>
Unallocated other gains, net						
– Gain on disposals of financial assets at FVTPL						138
– Fair value gains on financial assets at FVTPL						37,605
Corporate and other unallocated expenses including depreciation of right-of-use assets of HK\$887,000						(44,314)
Finance costs						(466)
Profit before income tax						217,792
Other information:						
Net gains/(losses) on disposals of financial assets at FVTPL	–	–	19,534	(4,725)	–	14,809
Net 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)
Provision for ECL on						
– 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 on deconsolidation of a subsidiary	–	–	(696)	–	–	(696)
Income tax expense	(8,652)	(673)	(7,280)	(389)	–	(16,994)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

Revenue from external customers is analysed by region as follows:

	2022 HK\$'000	2021 HK\$'000
Revenue from provision of financial services of licensed business:		
– Hong Kong	99,435	159,632
– Cayman Islands	41,917	128,586
	<b>141,352</b>	288,218
Revenue from provision of money lending services:		
– Hong Kong	15,042	4,858
Revenue from sales of apparel products:		
– Europe	66,823	78,640
– America	55,331	42,918
– Middle East	6,476	5,886
– Asia Pacific (including Hong Kong)	1,751	6,031
	<b>130,381</b>	133,475
Revenue from provision of enterprise solutions services:		
– Hong Kong	18,061	–
– PRC	4,229	–
	<b>22,290</b>	–
	<b>309,065</b>	426,551

### Geographical information

The geographical location of customers is based on the location at which the services were provided or the goods were 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, Singapore and PRC.

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

	Specified non-current assets	
	2022 HK\$'000	2021 HK\$'000
Hong Kong	31,542	30,625
Singapore	1,347	1,343
PRC	27	–
	<b>32,916</b>	31,968

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

	2022 HK\$'000	2021 HK\$'000
Customer A	52,713	48,373
Customer B	N/A*	124,333

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 5. REVENUE AND SEGMENT INFORMATION (Continued)

### Geographical information (Continued)

Note: During the year ended 31 March 2022, revenue from customer A and B of the Group's segment of sales of apparel products and segment of financial services of licensed business amounted to approximately HK\$52,713,000 (2021: HK\$48,373,000) and HK\$19,256,000 (2021: HK\$124,333,000), respectively, which represented approximately 17% (2021: 11%) and 6% (2021: 29%), 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 2022.

### Liabilities related to contracts with customers

The consideration received in advance as prepayments from customers amounting to HK\$1,666,000 (2021: HK\$6,717,000) is for financial advisory service; consideration received in advance as prepayments from customers amounting to HK\$4,796,000 (2021: HK\$6,204,000) is for investment management service and consideration received in advance as prepayments from customers amounting to HK\$302,000 (2021: HK\$1,621,000) is for sales of apparel products. The contract liabilities of HK\$6,764,000 (2021: HK\$14,542,000) are regarded as short term as the respective revenue is expected to be recognised in its normal operating cycle.

The significant decrease of contract liabilities as at 31 March 2022 is mainly due to decrease in advance payments received as a result of a shortened amortisation schedule.

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

	2022 HK\$'000	2021 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	14,542	2,112

## 6. OTHER GAINS, NET

	2022 HK\$'000	2021 HK\$'000
Net gains on disposals of financial assets at FVTPL	3,073	14,947
Net fair value gains on financial assets at FVTPL	34,834	63,348
Net loss on deconsolidation of a subsidiary (note 37)	–	(696)
Dividend income from financial assets at FVTPL	9	1,614
Government grants (note)	309	2,199
Net foreign exchange gain	66	1,423
Others	339	162
	<b>38,630</b>	<b>82,997</b>

Note: During the year ended 31 March 2022

Being (i) grants received from Monetary Authority of Singapore ("MAS") under the Financial Sector Development Fund (FSDF) to co-fund qualifying expenses paid to Singapore-based service providers for work done in Singapore in relation to the incorporation or registration of a Variable Capital Company; (ii) grants received from Job-Support Scheme to support COVID-19 epidemic launched by the Ministry of Manpower of Singapore; (iii) grants received from the Inland Revenue Authority of Singapore to support employers to expand local hiring; and (iv) grants received from the HK Financial Services Development Council to cope with the challenge facing by university graduates in finding work under the pandemic.

During the year ended 31 March 2021

Being 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 7. EXPENSES BY NATURE

	2022 HK\$'000	2021 HK\$'000
Accountancy fee	–	271
Agency fee	–	429
Advertising expenses	215	–
Administrative fees	–	236
Auditors' remuneration		
– Audit services	1,342	1,100
Consultancy fees	9,265	10,208
Bad debt written off	315	–
Cost of goods sold	109,863	114,636
Cost of services	24,296	64,023
Depreciation of property, plant and equipment (note 16)	1,134	939
Depreciation of right-of-use assets (note 17)	6,505	5,791
Donations	230	–
Entertainment	5,579	6,256
Graphic design	313	6
Provision for ECL on trade receivables (note 20)	270	756
(Reversal of)/provision for ECL on loan and interest receivables, net (note 21)	(250)	1,775
ECL on receivables, net	20	2,531
Employee benefit expenses (note 8)	41,797	64,188
Incentive fee	–	175
Insurance	655	561
Legal and professional fees	5,665	4,587
License expenses	48	2,070
Marketing fees	359	149
Motor vehicles expenses	318	261
Postage and courier	343	309
Printing and stationary	412	562
Sales commission	109	1,465
Short-term leases/low-value leases in respect of		
– office	16	72
– car park	–	245
Share options granted to eligible participants other than directors and employees	–	610
Sponsorship fee	100	300
Travelling expenses	877	1,198
Other expenses	8,576	6,516
Total cost of sales/services, selling expenses, general and administrative expenses and ECL of receivables, net	<b>218,352</b>	289,694

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2022 HK\$'000	2021 HK\$'000
Salaries, bonus and other short-term employee benefits	40,219	32,069
Share options granted to employees and directors (note 11)	–	31,351
Share award granted to employees	655	–
Reversal of provision for unutilised annual leave	(224)	(143)
Pension costs – defined contribution plans (note)	1,147	911
	<b>41,797</b>	<b>64,188</b>

Note: At 31 March 2021 and 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

## 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				Total HK\$'000
	Fees HK\$'000	Salaries HK\$'000	Share- based payments HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
<b>Year ended 31 March 2022</b>					
<b>Executive directors</b>					
Mr. Chen Ningdi (“ <b>Mr. Chen</b> ”) (note (i))	1,800	–	–	18	1,818
Mr. Lang Joseph Shie Jay (“ <b>Mr. Lang</b> ”) (note (i) and (iv))	271	–	–	4	275
Mr. Ai Kuiyu (“ <b>Mr. Ai</b> ”) (note (i) and (iv))	407	–	–	4	411
<b>Non-executive directors</b>					
Ms. Jiang Xinrong (“ <b>Ms. Jiang</b> ”) (note (i) and (vi))	1,320	–	–	18	1,338
Mr. Li Ren (“ <b>Mr. Li</b> ”) (note (v))	186	–	–	–	186
Mr. Chan Kwun Wah Derek	216	–	–	–	216
<b>Independent non-executive directors</b>					
Mr. Chang Eric Jackson	135	–	–	–	135
Mr. Chen Cheng-Lien	135	–	–	–	135
Mr. Liu Chun (“ <b>Mr. Liu</b> ”) (note (ii))	135	–	–	–	135
	<b>4,605</b>	<b>–</b>	<b>–</b>	<b>44</b>	<b>4,649</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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				Total HK\$'000
	Fees HK\$'000	Salaries HK\$'000	Share-based payments HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
Year ended 31 March 2021					
<b>Executive directors</b>					
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
<b>Non-executive directors</b>					
Mr. Li Ren ("Mr. Li")	240	–	955	–	1,195
Mr. Chan Kwun Wah Derek	219	–	–	–	219
<b>Independent non-executive directors</b>					
Ms. Luk Huen Ling Claire ("Ms. Luk") (note (iii))	60	–	–	–	60
Mr. Chang Eric Jackson	120	–	–	–	120
Mr. Chen Cheng-Lien	122	–	–	–	122
Mr. Liu Chun ("Mr. Liu") (note (ii))	113	–	420	–	533
	2,383	1,694	2,330	58	6,465

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 2022.
- (ii) Mr. Liu was appointed as independent non-executive director of the Company with effect from 22 April 2020.
- (iii) Ms. Luk resigned as independent non-executive director of the Company with effect from 30 September 2020.
- (iv) Mr. Lang and Mr. Ai were appointed as executive directors of the Company with effect from 10 January 2022.
- (v) Mr. Li resigned as non-executive director of the Company with effect from 10 January 2022.
- (vi) Ms. Jiang Xinrong is re-designated as a non-executive director of the Company with effect from 10 January 2022.

During the year ended 31 March 2022, there were no retirement benefits paid to directors (2021: nil) in respect of the services as a director of the Company and its subsidiaries.

During the year ended 31 March 2022, there was no benefits provided for early termination of the directors' appointment in office (2021: nil).

No consideration was provided to third parties for making available of directors' services during the year ended 31 March 2022 (2021: nil).

During the year ended 31 March 2022, there was no arrangement in relation to loans, quasi-loans and other dealings between the Group and the directors, bodies corporate controlled by directors and entities connected with directors (2021: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

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.

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2021: 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 section headed "Report of the Directors – Share Option Scheme" in the 2021/2022 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 1 (2021: 2) directors and executives whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining 4 (2021: 3) individuals during the year ended 31 March 2021 and 2022 are as follows:

	2022 HK\$'000	2021 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	6,162	3,340
Share based payment	–	5,594
Bonus	500	1,600
Pension costs – defined contribution plans	74	–
	<b>6,736</b>	10,534

The emoluments of the remaining individual fell within the following bands during the years ended 31 March 2021 and 2022:

	Number of individuals	
	2022	2021
Between HK\$1,500,001 and HK\$2,000,000	4	1
Between HK\$2,000,001 and HK\$2,500,000	–	1
Between HK\$5,000,001 and HK\$5,500,000	–	1

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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 granted vest immediately from the date of grant and exercisable within a period of three to ten 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 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.

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	the former 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
		54,500,000

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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 Xiu Yang	the former executive director	11,238,000
Mr. Li	the former non-executive director	11,238,000
External consultants	Not applicable	20,230,000
		52,821,000

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.

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

Name	Position held/relationship with the Company	Number of shares options granted
Mr. Chak Ka Wai	the former chief financial officer	10,000,000
Ms. Luk Huen Ling Claire	the former independent non-executive director	10,000,000
External consultants and a supplier	Not applicable	40,000,000
		60,000,000

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 11. SHARE-BASED PAYMENTS *(Continued)*

On 27 October 2017, the Group granted a total of 40,000,000 share options under the Share Option Scheme with no vesting period. The exercise price of the share options granted is HK\$0.482 per share.

Name	Position held/relationship with the Company	Number of shares options granted
Mr. Cheung Lui	the former chief executive officer	10,000,000
Ms. Chan Hoi Ling Connie	the former non-executive director	10,000,000
Ms. Mang Ngai	the former chief operating officer	10,000,000
External consultant	Not applicable	10,000,000
		40,000,000

The exercise price of share options is based on the higher of (i) the closing price of HK\$0.47 per share as quoted in the Hong Kong Stock Exchange's daily quotation sheet on the grant date; and (ii) the average closing price of HK\$0.482 per share as quoted in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date.

As at 31 March 2021 and 2022, details of each share options granted are set out below:

Date of grant	Option type	Exercisable period	Validating period	Exercise price HK\$
27 October 2017	2017A	27 October 2017 to 27 October 2027	10 years	0.482
27 October 2017	2017B	27 October 2017 to 27 October 2027	10 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 11. SHARE-BASED PAYMENTS (Continued)

### 11.1 Movement in share options

	Option type	Outstanding at 1 April 2020	Granted during the year ended 31 March 2021	Exercised during the year	Outstanding at 31 March 2021 and 1 April 2021	Exercised during the year ended 31 March 2022	Outstanding at 31 March 2022
<b>Directors</b>							
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	–	3,000,000
<b>Sub-total</b>		11,238,000	14,000,000	(22,238,000)	3,000,000	–	3,000,000
Employee(s) of the Group							
	2020A	–	30,500,000	(30,500,000)	–	–	–
	2020B	–	5,500,000	–	5,500,000	(4,000,000)	1,500,000
	2020C	–	53,000,000	–	53,000,000	(29,500,000)	23,500,000
<b>Sub-total</b>		–	89,000,000	(30,500,000)	58,500,000	(33,500,000)	25,000,000
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	–	1,500,000
<b>Sub-total</b>		51,238,000	4,500,000	(54,238,000)	1,500,000	–	1,500,000
<b>Total</b>		62,476,000	107,500,000	(106,976,000)	63,000,000	(33,500,000)	29,500,000

	At 1 April 2020	Granted during the year ended 31 March 2021	Exercised during the year ended 31 March 2021	Outstanding at 31 March 2021 and 1 April 2021	Exercised during the year ended 31 March 2022	Outstanding at 31 March 2022
Weighted average exercise price per share (HK\$ (approximate))	0.462	1.701	0.647	2.262	2.321	2.200
Weighted average remaining contractual life of options outstanding	–	–	–	2.59 years	–	1.58 years
Number of options exercisable	–	–	–	63,000,000	–	29,500,000
Weighted average exercise price per share of options exercisable (HK\$)	–	–	–	2.262	–	2.20

The share options outstanding at 31 March 2022 had exercise prices of HK\$1 to HK\$2.5 (2021: HK\$1 to HK\$2.5). During the year ended 31 March 2022, there was no lapse or cancellation of share options (2021: nil).

The weighted average share price for share options exercised during the year at the date of exercise was HK\$2.321 (2021: HK\$0.647).

During the year ended 31 March 2022, no share-based payment expense in relation to share options was granted to the directors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 11. SHARE-BASED PAYMENTS (Continued)

### 11.2 Fair value of share options and assumptions

No share options are granted for the year ended 31 March 2022.

The fair values of the share options granted during the year ended 31 March 2021 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			External consultants		
	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\$'000)	23,486	1,910	420	4,845	690	610

Notes:

- (i) The option life 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 4.3 years.

The fair values of the share options during the year ended 31 March 2021 were arrived at on the basis of a valuation carried out at the grant date by Roma Appraisals 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.

The outstanding share options as at 31 March 2022 had a weighted average remaining contractual life of 1.58 years (2021: 2.59 years).

At 31 March 2022, the Company had 29,500,000 (2021: 63,000,000) share options outstanding under the Share Option Scheme, which represented approximately 2.06% (2021: 4.5%) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 12. FINANCE COSTS, NET

	2022 HK\$'000	2021 HK\$'000
<b>Finance income</b>		
Bank interest income	93	10
<b>Finance costs</b>		
Interest expenses on bank borrowing	(2,373)	(18)
Interest expenses on lease liabilities	(266)	(233)
Interest expenses on bonds payable	(5,418)	(84)
Interest expenses on brokerage services	–	(751)
Interest expenses on other payables	–	(645)
Interest expenses on promissory notes	(843)	(341)
	<b>(8,900)</b>	<b>(2,072)</b>
<b>Finance costs, net</b>	<b>(8,807)</b>	<b>(2,062)</b>

## 13. INCOME TAX EXPENSE

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

	2022 HK\$'000	2021 HK\$'000
Current income tax		
– Hong Kong	10,690	16,474
– People's Republic of China ("PRC")	53	–
	<b>10,743</b>	<b>16,474</b>
Deferred tax		
– Hong Kong (note 19)	18	520
Total	<b>10,761</b>	<b>16,994</b>

### Hong Kong

For the subsidiaries of the Group in Hong Kong, 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% (2021: 8.25%), and profits above HK\$2 million will be taxed at 16.5% (2021: 16.5%). The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2021: 16.5%).

### Cayman Islands and BVI

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiaries are not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

### Singapore

Singapore profits tax has not been provided as the subsidiary of the Group has no estimated assessable profits in the jurisdiction.

### PRC

For the subsidiaries of the Group in the PRC, under the 《國家稅務總局關於小型微利企業所得稅優惠政策》, for the portion of profit less than RMB1 million, 25% of the profit will be taxed at 20% and profits within the range of RMB1 million to RMB3 million, 50% of the profit will be taxed at 20%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 13. INCOME TAX EXPENSE (Continued)

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

	2022 HK\$'000	2021 HK\$'000
Profit before income tax	120,536	217,792
Calculated at Hong Kong income tax rate of 16.5% (2021: 16.5%)	19,890	17,567
Effect of different income tax rates of subsidiaries	(185)	–
Expenses not deductible for tax purposes	5,445	2,717
Income not subject to taxation	(15,093)	(3,290)
Tax losses not recognised	907	–
Temporary differences not recognised	(31)	–
Effect of two-tiered profits tax regime	(165)	–
Utilisation of previously unrecognised tax loss	(7)	–
Income tax expense	10,761	16,994

For the year ended 31 March 2022, the weighted average applicable tax rate was 8.9% (2021: 7.8%) becomes positive because the Group had excessive profits for the year ended 31 March 2022.

The Group did not recognise deferred tax assets of approximately HK\$6,669,000 (2021: HK\$5,756,000) arising from tax losses of HK\$37,595,000 (2021: HK\$32,140,000) and deductible temporary difference of approximately HK\$2,826,000 (2021: HK\$2,747,000).

## 14. DIVIDENDS

### (a) Dividends attributable to the year

	2022 HK\$'000	2021 HK\$'000
2022 interim dividends declared of HK1.04 cents (2021: HK0.68 cents) per share	14,350	9,497
Proposed 2022 final dividend of HK1.40 cents (2021: HK3.58 cents) per share	20,022	49,460

The proposed final dividend in respect of the year ended 31 March 2022 of HK\$0.014 per share, amounting to a total dividend of approximately HK\$20,022,000 was resolved by the Board to propose on 23 June 2022. In addition, the Board proposed a bonus issue of shares on the basis of one bonus share for every sixty existing shares held by qualifying shareholders whose names appear on the register of members of the Company on 29 September 2022. The proposed final dividend and bonus issue is subject to the shareholders' approval at the forthcoming annual general meeting of the Company to be held on 20 September 2022.

### (b) Dividends attributable to the previous financial year, approved and paid during the year

	2022 HK\$'000	2021 HK\$'000
Final dividend in respect of the previous financial year, of HK3.58 cents (2021: nil) per share	49,460	–

The final dividend in respect of the year ended 31 March 2021 of HK\$0.0358 per share, amounting to a total dividend of HK\$49,460,000 was paid out during the year ended 31 March 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 15. EARNINGS PER SHARE

### 15.1 Basic

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

	2022	2021
Profit attributable to owners of the Company (HK\$'000)	<b>109,775</b>	200,798
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,383,012,808</b>	1,333,287,860
Basic earnings per share (HK cents per share)	<b>7.94</b>	15.06

### 15.2 Diluted

	2022	2021
Profit attributable to owners of the Company (HK\$'000)	<b>109,775</b>	200,798
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,383,012,808</b>	1,333,287,860
Effect of dilutive potential ordinary shares		
– Share options	<b>6,135,178</b>	5,685,454
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>1,389,147,986</b>	1,338,973,314
Diluted earnings per share (HK cents per share)	<b>7.90</b>	15.00

Note: The calculation of the basic earnings per share amount is based on profit for the year attributable to ordinary equity holders of the Company of HK\$109,775,000 (2021: HK\$200,798,000) and the weighted average number of ordinary shares of 1,383,012,808 (2021: 1,333,287,860) in issue during the year as adjusted to exclude the shares held under the share award scheme.

The calculation of the diluted earnings per share for the years ended 31 March 2022 and 2021 are 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 and excluded the shares held under the share award scheme, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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 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
<b>Year ended 31 March 2022</b>						
Opening net book value	<b>1,546</b>	<b>602</b>	<b>41</b>	<b>119</b>	<b>–</b>	<b>2,308</b>
Acquisition through business combinations (note 37)	–	–	40	–	–	40
Additions	1,361	189	27	607	–	2,184
Depreciation	(751)	(215)	(37)	(131)	–	(1,134)
<b>Closing net book value</b>	<b>2,156</b>	<b>576</b>	<b>71</b>	<b>595</b>	<b>–</b>	<b>3,398</b>
<b>At 31 March 2022</b>						
Cost	<b>6,827</b>	<b>1,174</b>	<b>1,050</b>	<b>976</b>	<b>1,030</b>	<b>11,057</b>
Accumulated depreciation	<b>(4,671)</b>	<b>(598)</b>	<b>(979)</b>	<b>(381)</b>	<b>(1,030)</b>	<b>(7,659)</b>
<b>Net book value</b>	<b>2,156</b>	<b>576</b>	<b>71</b>	<b>595</b>	<b>–</b>	<b>3,398</b>

Depreciation expenses of approximately HK\$1,134,000 (2021: HK\$939,000) have been charged to the general and administrative expenses for the year ended 31 March 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 17. RIGHT-OF-USE ASSETS

	HK\$'000
At 1 April 2020	4,664
Additions	10,881
Depreciation for the year (note 7)	(5,791)
At 31 March 2021 and 1 April 2021	<b>9,754</b>
Lease modification	<b>6,224</b>
Written-off	<b>(124)</b>
Depreciation for the year (note 7)	<b>(6,505)</b>
<b>At 31 March 2022</b>	<b>9,349</b>

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 (2021: one to three years).

Depreciation expenses of right-of-use assets approximately HK\$6,505,000 (2021: HK\$5,791,000) have been charged to the general and administrative expenses for the year ended 31 March 2022. The total additions to right-of-use assets due to lease modification amounting to HK\$6,224,000 was recognised for the year ended 31 March 2022. During the year ended 31 March 2021, the Group entered into certain lease contracts in which additions of right-of-use assets amounting to HK\$10,881,000 was recognised.

## 18. INTANGIBLE ASSETS AND GOODWILL

	Intangible assets			Total HK\$'000
	Goodwill HK\$'000	SFC License Types 1, 4 and 6 HK\$'000	Money Lending License HK\$'000	
<b>Cost</b>				
At 1 April 2020, 31 March 2021 and 1 April 2021	7,658	11,748	500	12,248
Acquisition through business combinations (note 37)	263	–	–	–
At 31 March 2022	7,921	11,748	500	12,248
<b>Accumulated amortisation</b>				
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	–	–	–	–
<b>Net carrying amount</b>				
<b>At 31 March 2022</b>	<b>7,921</b>	<b>11,748</b>	<b>500</b>	<b>12,248</b>
At 31 March 2021	7,658	11,748	500	12,248

The Group's goodwill mainly arose from business combination in connection with the acquisitions of (i) DL Securities (HK) Limited; (ii) DA Finance (HK) Limited; (iii) Four Seasons Investment Management Limited ("Four Seasons"); (iv) DL Family Office Pte. Ltd. ("DL Family"); and (v) ONE Advisory. For acquisition details, please refer to note 37.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 18. INTANGIBLE ASSETS AND GOODWILL (Continued)

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 2022, the Group reviewed the recoverable amounts of the licenses. No impairment loss has been recognised during the years.

The recoverable amount of SFC License Types 1, 4 and 6 and money lending licences, the intangible asset relating to the SFC licensed business and money lending business have 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% (2021: 2.5%) and of 2.5% (2021: 2.5%) respectively.

	2022		2021	
	SFC License Types 1, 4 and 6 HK\$'000	Money Lending License HK\$'000	SFC License Types 1, 4 and 6 HK\$'000	Money Lending License HK\$'000
Discount rate	20.99%	20.99%	20.99%	20.99%
Operating profit margin	4%–8%	83%	4%–8%	83%
Growth rate within the five-year period	1.0%	1.0%	1.0%	1.0%

The discount rate used is pre-tax and reflect specific risks relating to the provision of financial services of licensed business and money lending business respectively. 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.

## 19. DEFERRED INCOME TAX ASSETS

The analysis of deferred tax assets is as follows:

	2022 HK\$'000	2021 HK\$'000
Deferred income tax assets:		
Recoverable after 12 months	294	312

The analysis of deferred tax assets is as follows:

	Decelerated tax depreciation HK\$'000
At 1 April 2020	832
Debited to the consolidated statement of profit or loss and other comprehensive income (note 13)	(520)
At 31 March 2021 and 1 April 2021	312
Debited to the consolidated statement of profit or loss and other comprehensive income (note 13)	(18)
<b>At 31 March 2022</b>	<b>294</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

	2022 HK\$'000	2021 HK\$'000
Gross trade receivables (excluding margin receivables and receivables from investment management services, financial advisory services and enterprise solutions services)	12,712	27,854
Gross trade receivables – investment management services	26,479	130,489
Gross trade receivables – margin receivables (note (a))	151,114	33,399
Gross trade receivables – financial advisory services	10,448	11,336
Gross trade receivables – enterprise solutions services	11,738	–
	<b>212,491</b>	203,078
Less: Provision for expected credit loss	<b>(666)</b>	(756)
Trade receivables, net of provision	<b>211,825</b>	202,322
Prepayments	<b>1,507</b>	1,496
Payment in advance to suppliers	<b>1,584</b>	2,232
Deposits	<b>2,034</b>	1,716
Amounts due from related parties (note (b))	<b>14</b>	1,365
Other receivables and deposits (note (c))	<b>11,944</b>	3,894
Total trade and other receivables, prepayments and deposits	<b>228,908</b>	213,025
Less: Non-current portion		
Long-term portion of deposits	<b>(1,377)</b>	(1,716)
	<b>227,531</b>	211,309

Notes:

- (a) Margin receivables are secured by the client's pledged securities with undiscounted market value of approximately HK\$711,723,000 as at 31 March 2022 (2021: HK\$176,678,000) 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. The Group repledged approximately HK\$209,600,000 of the collateral from margin clients to secure the Group's loan facility related to bank borrowing during the year ended 31 March 2022 (2021: nil).
- (b) As at 31 March 2022, the amount due from a related party amounting to HK\$14,000 (2021: HK\$1,365,000) is unsecured, interest-free and repayable on demand.
- (c) As at 31 March 2022, other receivables and deposits include receivable of HK\$10,043,000 (2021: nil) in relation to the redemption of 8,200 units of unlisted investment fund.

The carrying amounts of trade and other receivables, prepayments and deposits approximated 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 (2021: 90 days) to its trade customers of other business.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 20. TRADE 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 2022 and 2021, the aging analysis of trade receivables net ECL allowance of HK\$666,000 (2021: HK\$756,000) (except margin receivables) based on invoice date is as follows:

	2022 HK\$'000	2021 HK\$'000
1 to 30 days	13,003	147,833
31 to 60 days	894	10,687
61 to 90 days	13,048	1,474
Over 90 days	33,766	8,929
	<b>60,711</b>	168,923

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 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 receivables.

The movement in the provision for ECL allowance of trade receivables is as follows:

	2022 HK\$'000	2021 HK\$'000
Balance at 1 April	756	–
ECL allowance for the year	270	756
Written off during the year	(360)	–
Balance at 31 March	<b>666</b>	756

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

	2022 HK\$'000	2021 HK\$'000
– Denominated in United States dollars (“US\$”)	39,453	29,208
– Denominated in HK\$	186,769	183,556
– Denominated in Renminbi (“RMB”)	2,652	200
– Denominated in Singapore dollars (“SGD”)	34	61
	<b>228,908</b>	213,025

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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.

	2022 HK\$'000	2021 HK\$'000
Loan receivables	161,409	92,781
Less: Provision for ECL on loan receivables – Stage 1	(1,619)	(1,896)
Loan receivables, net of provision	159,790	90,885
Interest receivables	6,912	1,858
Less: Provision for ECL on interest receivables – Stage 1	(69)	(42)
Interest receivables, net of provision	6,843	1,816
	<b>166,633</b>	92,701

The credit quality analysis of the loan and interest receivables is as follows:

	2022 HK\$'000	2021 HK\$'000
Loan receivables		
Neither past due nor impaired		
– Secured	1,154	–
– Unsecured	158,636	90,885
	<b>159,790</b>	90,885
Interest receivables		
Neither past due nor impaired		
– Secured	1	–
– Unsecured	6,842	1,816
	<b>6,843</b>	1,816
	<b>166,633</b>	92,701

The secured loans were secured by the shares of certain companies incorporated in BVI.

The carrying amounts of the loan and interest receivables are denominated in the following currencies:

	2022 HK\$'000	2021 HK\$'000
– Denominated in HK\$	150,037	80,684
– Denominated in US\$	16,596	–
– Denominated in RMB	–	12,017
	<b>166,633</b>	92,701

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 21. LOAN AND INTEREST RECEIVABLES (Continued)

Loan receivables bear interest from 8.0%–15.0% (2021: 8.0%–20.0%) per annum and repayable in fixed terms agreed with customers. Interest receivables bear interest from 8.0%–36.0% (2021: 8.0%–36.0%) per annum for default interest and repayable in fixed terms agreed with customers.

As at 31 March 2021 and 2022, all loan and interest receivables based on the maturity date, are within one year.

The maximum exposure to credit risk at each of the reporting date is the carrying value of the loan and interest receivables mentioned above.

	Loan receivables	Interest receivables	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	31,740	604	32,344
New loans originated	86,263	4,539	90,802
Amounts recovered or repaid during the year	(25,800)	(2,870)	(28,670)
Transfer interest portion to loan portion	418	(418)	–
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)
At 31 March 2021 and 1 April 2021	<b>90,885</b>	<b>1,816</b>	<b>92,701</b>
New loans originated	<b>208,346</b>	<b>14,886</b>	<b>223,232</b>
Amounts recovered or repaid during the year	<b>(139,748)</b>	<b>(9,802)</b>	<b>(149,550)</b>
Transfer interest portion to loan portion	<b>30</b>	<b>(30)</b>	<b>–</b>
Reversal of ECL allowance on loan and interest receivables	<b>1,603</b>	<b>32</b>	<b>1,635</b>
ECL allowance under 12 month ECL (Stage 1) recognised during the year	<b>(1,326)</b>	<b>(59)</b>	<b>(1,385)</b>
<b>At 31 March 2022</b>	<b>159,790</b>	<b>6,843</b>	<b>166,633</b>

For loan and interest receivables 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 results 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. If credit impaired is identified (“**Stage 3**”), ECL is measured based on lifetime ECL. In general, when loan and interest receivables are overdue by 30 days, there is 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Non-current portion</b>			
<b>Listed securities</b>			
Equity securities – Hong Kong		314	260
<b>Non-listed securities</b>			
Investment fund	(i)	89,432	119,106
Equity investment – outside Hong Kong	(ii)	110,705	71,204
		<b>200,451</b>	190,570

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, 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

	2022 HK\$'000	2021 HK\$'000
Cash at banks (note (b))	154,053	56,161
Bank balances – trust (note (a))	130,942	43,033
Maximum exposure to credit risk	284,995	99,194
Cash on hand	583	61
Cash and cash equivalents per the consolidated statement of cash flows	285,578	99,255

Notes:

- (a) The Group maintains segregated trust accounts with licensed banks to hold client's monies arising from its securities brokerage and margin financing business. The Group has classified the client's monies as bank balances – 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.
- (b) Included in cash at banks of the Group is HK\$1,559,000 (2021: nil) of bank balances denominated in RMB with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's foreign Exchange Control Regulation, the Group is permitted to exchange RMB for foreign currencies through banks that are submitted to conduct foreign exchange business.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 23. CASH AND CASH EQUIVALENTS (Continued)

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

	2022 HK\$'000	2021 HK\$'000
– Denominated in HK\$	220,981	48,368
– Denominated in US\$	60,826	50,510
– Denominated in Euro dollars (“Euro”)	576	–
– Denominated in RMB	1,817	19
– Denominated in SGD	1,378	358
	<b>285,578</b>	99,255

## 24. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
<b>Authorised share capital</b>		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	10,000,000,000	100,000
<b>Issued and fully paid</b>		
At 1 April 2020	1,214,145,000	12,142
Issuance of ordinary share under Share Option Scheme (note (b))	106,976,000	1,069
Issuance of shares on 31 July 2020 (note (c))	75,500,000	755
At 31 March 2021 and 1 April 2021	<b>1,396,621,000</b>	<b>13,966</b>
Issuance of ordinary share under Share Option Scheme (note (a))	<b>33,500,000</b>	<b>335</b>
<b>At 31 March 2022</b>	<b>1,430,121,000</b>	<b>14,301</b>

Notes:

- (a) On 8 July 2021, 3,000,000 shares were issued at the subscription price at HK\$1 to respective option holders (note 11) to the exercise of their options under the Share Option Scheme of the Company.
- On 30 July 2021, 30,500,000 shares were issued at subscription price from HK\$1 to HK\$2.5 to respective option holders (note 11) to the exercise of their options under the Share Option Scheme of the Company.
- (b) 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 the exercise of their options under the Share Option Scheme of the Company.
- (c) On 31 July 2020, the Company 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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.

### (e) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

## 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 awarded 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 2022, the Company has purchased 38,415,000 (2021: 12,260,000) ordinary shares of the Company on the Stock Exchange. The total amount paid to acquire the shares was HK\$98,778,000 (2021: HK\$17,255,000). During the year ended 31 March 2022, a total of 202,000 shares were granted to the eligible persons pursuant to the Share Award Scheme. No share awards were granted from this Share Award Scheme as of 31 March 2021.

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 27. TRADE AND OTHER PAYABLES

	2022 HK\$'000	2021 HK\$'000
Trade payables (note (a))	11,963	9,964
Trade payables to securities brokerage clients (note (b))	120,768	34,653
Contract liabilities (note (e))	6,764	14,542
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	1,196	357
Other payables (note (c))	11,605	6,644
Amount due to clearing house	1,260	5,310
Broker payables	6,725	–
Amounts due to related parties (note (d))	–	7,466
	<b>160,531</b>	<b>79,186</b>
Less: Non-current portion		
Provision for reinstatement cost	(250)	(250)
	<b>160,281</b>	<b>78,936</b>

Notes:

(a) Trade payables

The carrying amounts of trade and other payables approximated their fair values. The Group was granted by its suppliers with credit periods ranging from 30–90 days (2021: 30–60 days). Based on the invoice dates, the ageing analysis of the trade payables (excluding trade payables to securities brokerage clients) were as follows:

	2022 HK\$'000	2021 HK\$'000
1 to 30 days	978	5,613
31 to 60 days	6,130	110
61 to 90 days	81	837
Over 90 days	4,774	3,404
	<b>11,963</b>	<b>9,964</b>

(b) Trade payables to securities brokerage clients

	2022 HK\$'000	2021 HK\$'000
Trade payables from the business of dealing in securities:		
– Trade payables – margin clients	66,816	26,020
– Trade payables – cash clients	53,952	8,633
	<b>120,768</b>	<b>34,653</b>

(c) It mainly represents (i) amounts due to limited partnership funds; and (ii) accruals of audit fee, consultancy fee, sales commission, interest payables and other operating expenses.

(d) The amounts due were unsecured, interest-free and repayable on demand.

(e) The contract liabilities that is expected to be settled after more than one year is HK\$1,542,000 (2021: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 27. TRADE AND OTHER PAYABLES (Continued)

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.

## 28. PROMISSORY NOTES

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. This promissory note has been repaid during the year ended 31 March 2022 (2021: This promissory note was interest-free and repayable within one year).

During the year ended 31 March 2022, the Group had issued six promissory notes in aggregate amounting to HK\$41,650,000, three of which in aggregate amounting to HK\$16,650,000 are unsecured, bear interest rate ranging from 12% per annum to 18% per annum, matured and had been repaid.

As at 31 March 2022, (i) two promissory notes are unsecured, bear interest rate of 3.0% per annum and mature in one year from the dates of issue, on 23 June 2022 and 9 August 2022 respectively (2021: nil); (ii) one promissory note is unsecured, bears interest rate of 9.0% per annum and matures in one year from the date of issue, on 30 August 2022 (2021: nil).

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

	2022 HK\$'000	2021 HK\$'000
Total minimum payments:		
Due within one year	25,845	23,400
Imputed interest on promissory notes	(845)	(1,024)
<b>Present value of promissory notes</b>	<b>25,000</b>	<b>22,376</b>

## 29. SUBSIDIARIES

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

Name	Place of incorporation and kind of legal entity	Country of operation	Principal activities and place of operation	Issued and fully paid share capital	Equity interest held as at 31 March	
					2022	2021
<b>Directly held</b>						
Best Flight Limited	BVI, limited liability company	BVI	Investment holding	US\$1 (2021: US\$1)	100%	100%
DL Alternative Investments Limited (note (b))	BVI, limited liability company	BVI	Investment holding	US\$100 (2021: US\$100)	100%	100%
DL Asset Management Limited ("DL Asset Management")	BVI, limited liability company	BVI	Investment holding	US\$100 (2021: US\$1)	100%	100%
DL General Partner (HK) Limited	Hong Kong, limited liability company	Hong Kong	Investment management (2021: Investment holding)	HK\$15,000,000 (2021: HK\$15,000,000)	100%	100%
DJT Partner Limited	Cayman Islands, limited liability company	Cayman Islands	Investment holding (2021: Investment management)	US\$1 (2021: US\$1)	100%	100%
DL Investment Holdings US, LLC	United States, limited liability company	United States	Investment holding	US\$5,000,000 (2021: US\$2,000,000)	100%	100%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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	Equity interest held as at 31 March	
					2022	2021
Everlasting Win Limited	BVI, limited liability company	BVI	Provision of financial advisory services	US\$1 (2021: US\$1)	100%	100%
Four Seasons (note (d))	Cayman Islands, limited liability company	Cayman Islands	Investment management	US\$1,000 (2021: US\$1,000)	100%	100%
Heritage Global Management Limited	BVI, limited liability company	BVI	Investment management	US\$100 (2021: US\$100)	100%	100%
Instant Glad Investments Limited ("Instant Glad")	BVI, limited liability company	BVI	Investment holding	US\$100 (2021: US \$100)	100%	100%
Trinity Ally Limited	BVI, limited liability company	BVI	Investment holding	US\$1 (2021: US\$1)	100%	100%
DL Holdings (HK) Limited (note (a))	Hong Kong, limited liability company	Hong Kong	Dormant	HK\$10,000 (2021: N/A)	100%	N/A
Vente Capital Partners Limited (note (a))	BVI, limited liability company	BVI	Asset management	US\$100 (2021: N/A)	100%	N/A
<b>Indirectly held</b>						
DA Finance (HK) Limited	Hong Kong, limited liability company	Hong Kong	Provision of equity pledge financing services and money lending services	HK\$10,010,000 (2021: HK\$10,010,000)	100%	100%
DL Capital (HK) Limited	Hong Kong, limited liability company	Hong Kong	Provision of securities advisory services and asset management	HK\$5,000,000 (2021: HK\$5,000,000)	100%	100%
DL Family (note (d))	Singapore, limited liability company	Singapore	Investment management	SG\$1,244,000 (2021: SG\$1,244,000)	100%	100%
DL Securities (HK) Limited	Hong Kong, limited liability company	Hong Kong	Provision of financial advisory services and securities brokerage business	HK\$97,150,000 (2021: HK\$87,150,000)	100%	100%
ONE Advisory (note (c))	Hong Kong, limited liability company	Hong Kong	Provision of global identity planning consultancy services	HK\$100 (2021: HK\$100)	100%	N/A
Shanghai Linyu Enterprise Management Co., Ltd. 上海林譽企業管理有限公司* (note (b))	PRC, limited liability company	PRC	Provision of financial advisory services	RMB3,000,000 (2021: RMB3,000,000)	100%	100%
Seazon Pacific 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 (2021: 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 (2021: HK\$10,000)	100%	100%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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	Equity interest held as at 31 March	
					2022	2021
Topper Alliance Holding Limited	Hong Kong, limited liability company	Hong Kong	Investment holding	HK\$10,000 (2021: HK\$10,000)	100%	100%
Vente Capital Partners GP Limited (HK) (note (a))	Hong Kong, limited liability company	Hong Kong	Dormant	HK\$10,000 (2021: N/A)	100%	N/A

\* The English translation of the name of the company established in the PRC is for reference only. The official name of the company is in Chinese.

Notes:

- (a) Incorporated during the year ended 31 March 2022.
- (b) Incorporated/Established during the year ended 31 March 2021.
- (c) During the year ended 31 March 2022, the Group acquired ONE Advisory from an independent third party. Further details of the acquisition are included in note 37 to the consolidated financial statements.
- (d) During the year ended 31 March 2021, the Group acquired Four Seasons and DL Family from an independent third party and a substantial shareholder respectively. Further details of the acquisition are included in note 37 to the consolidated financial statements.

## 30. BANK BORROWING

	2022 HK\$'000	2021 HK\$'000
Current bank borrowing	80,000	—

At 31 March 2022, the bank borrowing is repayable within 1 year with the interest rate of 2.3% per annum over Hong Kong Interbank Offered Rate as determined by the bank for an interest period of 3 months on the first business day of such interest period. The average rate during the year ended 31 March 2022 was 2.74%. The exposure of the bank borrowing to interest rate changes and the contractual repricing dates as at 31 March 2022 were within 1 year.

At 31 March 2022, the bank borrowing is secured by corporate guarantee given by the Company.

The Group repledged approximately HK\$209,600,000 of the collateral from margin clients to secure the Group's loan facility related to bank borrowing during the year ended 31 March 2022 (2021: nil).

The carrying amount of the bank borrowing as at 31 March 2022 was denominated in HK\$ and approximated its fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 31. LEASE LIABILITIES

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

	2022 HK\$'000	2021 HK\$'000
Total minimum lease payments:		
Due within one year	6,609	5,850
Due in the second to fifth years	3,601	4,878
	<b>10,210</b>	10,728
Future finance charges on lease liabilities	(197)	(242)
<b>Present value of lease liabilities</b>	<b>10,013</b>	10,486

  

	2022 HK\$'000	2021 HK\$'000
Present value of minimum lease payments:		
Due within one year	6,453	5,665
Due in the second to fifth years	3,560	4,821
	<b>10,013</b>	10,486
Less: Portion due within one year included under current liabilities	(6,453)	(5,665)
<b>Portion due after one year included under non-current liabilities</b>	<b>3,560</b>	4,821

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 (2021: one to three years). The Group makes fixed payments during the contract period.

During the year ended 31 March 2022, the Group entered into a modified contract with a lessor to revise the monthly rental. As the lease 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 lease liabilities including the lease payments for the revised monthly rental using a revised discount rate.

During the year ended 31 March 2022, the total cash outflows for the leases are HK\$6,979,000 (2021: HK\$5,827,000). At 31 March 2022, the Group has entered into leases for the items listed as follows:

Types of right-of-use assets	Financial statements item of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Staff quarter	Right-of-use assets (2021: Right-of-use assets)	N/A (2021: 1)	N/A (2021: 0.58 years)	– Subject to monthly fixed payment
Office premises	Right-of-use assets (2021: Right-of-use assets)	3 (2021: 4)	0.50 to 2.0 years (2021: 0.58 to 2.42 years)	– Subject to monthly fixed payment
Office premises	Not applicable as low-value recognition exemptions under HKFRS 16 applied (2021: Right-of-use assets)	1 (2021: 1)	1.75 years (2021: 0.75 years)	– 6 months rent-free period (2021: contain renewal options but renewable up to 3 months before the contact expire)

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 32. BONDS PAYABLE

	2022 HK\$'000	2021 HK\$'000
Bonds carried at fixed coupon rate of 5% per annum (note (a))	6,000	6,000
Bonds carried at fixed coupon rate of 8% per annum (note (b))	87,000	–
	<b>93,000</b>	6,000
Less: non-current portion	<b>(80,000)</b>	(6,000)
Current portion	<b>13,000</b>	–

Notes:

- (a) The Company issued 5% coupon unlisted bonds during the year ended 31 March 2021 with aggregate principal amount of HK\$6,000,000. The amounts are repayable within 84 months from the date of issue.
- (b) The Company issued 8% coupon unlisted bonds during the year ended 31 March 2022 with the aggregate principal amount of HK\$87,000,000 of which HK\$74,000,000 is repayable within 24 months from the date of issue and HK\$13,000,000 is repayable within 12 months from the date of issue respectively.

## 33. COMMITMENTS

### 33.1 Capital commitment

	2022 HK\$'000	2021 HK\$'000
Contracted but not provided for Capital injection to limited partnership fund	<b>3,276</b>	–

### 33.2 Commitment as lessee

At the end of the reporting period, the lease commitment for low-value lease is as follows:

	2022 HK\$'000	2021 HK\$'000
Within one year	<b>64</b>	–
In the second to fifth years	<b>16</b>	–
	<b>80</b>	–

The total future cash outflows for this lease amounting to HK\$80,000 (2021: nil) in aggregate which are included in the table above.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 34. CASH FLOW INFORMATION

### (a) Net cash generated from operations

	Notes	2022 HK\$'000	2021 HK\$'000
Profit before income tax		<b>120,536</b>	217,792
Adjustments for:			
– Finance costs	12	<b>8,900</b>	2,072
– Finance income	12	<b>(93)</b>	(10)
– Share-based payment expense	11	–	31,961
– Depreciation of property, plant and equipment	7	<b>1,134</b>	939
– Depreciation of right-of-use assets	7	<b>6,505</b>	5,791
– Written off of lease		<b>124</b>	–
– Dividend income	6	<b>(9)</b>	(1,614)
– Amortisation of incentive fee	7	–	175
– ECL of trade receivables, net	7	<b>270</b>	756
– (Reversal of)/provision for ECL of loan and interest receivables, net	7	<b>(250)</b>	1,775
– Net loss on deconsolidation of a subsidiary	6	–	696
– Fair value gains on financial assets at FVTPL, net	6	<b>(34,834)</b>	(63,348)
– Gains on disposals of financial assets at FVTPL, net	6	<b>(3,073)</b>	(14,947)
Operating profit before working capital changes		<b>99,210</b>	182,038
Changes in working capital:			
– Trade and other receivables, prepayments and deposits		<b>(6,301)</b>	(126,378)
– Loans and interests receivables		<b>(73,682)</b>	(62,132)
– Trade and other payables		<b>88,811</b>	51,489
Cash generated from operations		<b>108,038</b>	45,017

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 34. CASH FLOW INFORMATION (Continued)

### (b) Reconciliation of liabilities from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Trade and other payables HK\$'000 (Note 27)	Bonds payable HK\$'000 (Note 32)	Promissory notes HK\$'000 (Note 28)	Bank borrowing HK\$'000 (Note 30)	Lease liabilities HK\$'000 (Note 31)	Total HK\$'000
Balance at 1 April 2020	34,606	–	–	6,362	4,882	45,850
<b>Cash flows:</b>						
Capital element of lease rentals paid	–	–	–	–	(5,277)	(5,277)
Issuance of promissory notes	–	–	26,276	–	–	26,276
Interest paid	(18)	(84)	(341)	–	–	(443)
Interest element of lease rentals paid	–	–	–	–	(233)	(233)
Proceeds from issuance of bonds payable	–	6,000	–	–	–	6,000
Repayment of bank borrowings	–	–	–	(6,362)	–	(6,362)
Repayment of promissory notes	–	–	(3,900)	–	–	(3,900)
Increase in amounts due to related parties	7,466	–	–	–	–	7,466
	7,448	5,916	22,035	(6,362)	(5,510)	23,527
<b>Non-cash:</b>						
Acquisitions of subsidiaries (note 37)	16,622	–	–	–	–	16,622
Addition in lease liabilities (note 34(c)(iii))	–	–	–	–	10,881	10,881
Deconsolidation of a subsidiary (note 37)	(31,247)	–	–	–	–	(31,247)
Imputed interest on promissory notes	–	–	341	–	–	341
Interest arising from bonds payable	–	84	–	–	–	84
Interest arising from lease liabilities	–	–	–	–	233	233
Interest arising from bank borrowings	18	–	–	–	–	18
Other changes (note)	51,489	–	–	–	–	51,489
	36,882	84	341	–	11,114	48,421
Balance at 31 March 2021 and 1 April 2021	<b>78,936</b>	<b>6,000</b>	<b>22,376</b>	<b>–</b>	<b>10,486</b>	<b>117,798</b>
<b>Cash flows:</b>						
Capital element of lease rentals paid	–	–	–	–	(6,697)	(6,697)
Issuance of promissory notes	–	–	41,650	–	–	41,650
Interest paid	(2,373)	(5,418)	(843)	–	–	(8,634)
Interest element of lease rentals paid	–	–	–	–	(266)	(266)
Proceeds from bank borrowing	–	–	–	80,000	–	80,000
Proceeds from issuance of bonds payable	–	87,000	–	–	–	87,000
Repayment of promissory notes	–	–	(39,026)	–	–	(39,026)
Decrease in amounts due to related parties	(7,466)	–	–	–	–	(7,466)
	(9,839)	81,582	1,781	80,000	(6,963)	146,561
<b>Non-cash:</b>						
Acquisitions of subsidiaries (note 37)	8	–	–	–	–	8
Addition in lease liabilities due to lease modification (note 34(c)(ii))	–	–	–	–	6,224	6,224
Imputed interest on promissory notes	–	–	843	–	–	843
Interest arising from bank borrowing	2,373	–	–	–	–	2,373
Interest arising from bonds payable	–	5,418	–	–	–	5,418
Interest arising from lease liabilities	–	–	–	–	266	266
Other changes (note)	88,803	–	–	–	–	88,803
	91,184	5,418	843	–	6,490	103,935
<b>At 31 March 2022</b>	<b>160,281</b>	<b>93,000</b>	<b>25,000</b>	<b>80,000</b>	<b>10,013</b>	<b>368,294</b>

Note: Other changes represented increase in trade and other payables included in operating activities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 34. CASH FLOW INFORMATION *(Continued)*

### (c) Non cash transactions

- (i) The Group redeemed 8,200 units of unlisted investment fund during the year ended 31 March 2022. As at 31 March 2022, the proceeds from disposals of financial assets at FVTPL amounting to HK\$10,043,000 (note 20(c)) was not yet received and recognised as other receivable.
- (ii) Additions of right-of-use assets and lease liabilities due to lease modification amounting to HK\$6,224,000 (note 17) were recognised during the year ended 31 March 2022.
- (iii) The Group entered into certain lease contracts in which additions of right-of-use assets and lease liabilities amounting to HK\$10,881,000 (note 17) was recognised during the year ended 31 March 2021.
- (iv) During the year ended 31 March 2021, the Group acquired 27.06% non-voting Class B membership interest in Carmel Reserve LLC. Part of the consideration of US\$3,500,000 (equivalent to approximately HK\$27,300,000) was settled by issuing promissory note (note 28).

## 35. CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2021 and 2022.

## 36. RELATED PARTY TRANSACTIONS

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

- (i) 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.

- (ii) On 5 February 2021, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 36. RELATED PARTY TRANSACTIONS (Continued)

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

(iii) Save as disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related companies during the years ended 31 March 2021 and 2022.

	2022 HK\$'000	2021 HK\$'000
Management fee income	4,098	–
Management fee expense	1,942	–

Management fee income of HK\$4,098,000 (2021: nil) was received from the limited partnership funds, companies controlled by the executive director, during the year ended 31 March 2022.

Management fee expense of HK\$1,942,000 (2021: nil) was paid to DL Family Office (HK) Limited, a company controlled by the executive directors, for its services provided as investment manager of the limited partnership funds during the year ended 31 March 2022.

(b) **Balances with related parties**

Name of company	Maximum amount outstanding during the year ended 31 March 2022 HK\$'000	Maximum amount outstanding during the year ended 31 March 2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
	Amount due from a related party controlled by Mr. Chen Ningdi and Ms. Jiang Xinrong	1,365	1,365	14
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:

	2022 HK\$'000	2021 HK\$'000
Salaries, bonus and other short-term employee benefits	11,776	8,548
Share-based payment expenses	655	7,504
Pension costs – defined contribution plans	144	112
	12,575	16,164

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 37. BUSINESS COMBINATIONS

### Acquisitions of subsidiaries

Acquiree	Principal activities	Date of acquisition	Proportion of shares acquired	Consideration transferred
<b>For the year ended 31 March 2022</b>				
ONE Advisory	Provision for global identity planning consulting services	9 September 2021	100%	HK\$2,000,000
<b>For the year ended 31 March 2021</b>				
DL Family	Provision of investment management services	5 February 2021	100%	SG\$1
Four Seasons	Provision of investment management services	4 January 2021	100%	HK\$2,218,000

#### ONE Advisory

On 9 September 2021, Instant Glad, a wholly-owned subsidiary of the Company entered into share purchase agreement with an independent third party to acquire 100% equity interest in ONE Advisory at total consideration of HK\$2,000,000.

Instant Glad (i) acquired 100% of all the issued shares of ONE Advisory and (ii) accepted the assignment of the shareholders' loans amounted to HK\$1,961,000.

ONE Advisory is principally engaged in provision for global identity planning consulting services. The acquisition of ONE Advisory is to develop its global identity planning and wealth inheritance consultancy services, constitutes a strategic upgrade for the long-term development of the Group and enhances its global business coverage and service capabilities.

Goodwill of approximately HK\$263,000 (note 18) arose from expected future development of ONE Advisory's business and improvement on market coverage.

The following table summarises the consideration paid for ONE Advisory and the fair value of assets and liabilities assumed at the acquisition date.

	Recognised values on acquisition HK\$'000
Property, plant and equipment (note 16)	40
Trade and other receivables	1,143
Cash and cash equivalents	546
Other payables	(1,953)
Net liabilities acquired	(224)
Assignment of shareholders' loans	1,961
Goodwill (note 18)	263
	2,000
Total purchase consideration settled in cash during the year	2,000
Net cash outflow arising on acquisition of ONE Advisory:	
Cash consideration paid	(2,000)
Cash and cash equivalents acquired	546
	(1,454)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 37. BUSINESS COMBINATIONS (Continued)

### Acquisitions of subsidiaries (Continued)

#### ONE Advisory (Continued)

#### Impact of acquisition on the result of the Group

Included in the consolidated profit for the year ended 31 March 2022 is revenue of approximately HK\$1,288,000 and profit of approximately HK\$55,000 attributable to the additional business generated by ONE Advisory.

If the acquisition had occurred on 1 April 2021, the Group's revenue would have been approximately HK\$311,324,000 and profit before tax for the year would have been approximately HK\$121,446,000 for the year ended 31 March 2022. 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 2021, nor is it intended to be a projection of future results.

#### DL Family and Four Seasons

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.

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 approximately 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.

DL Family is a private company incorporated in Singapore and licensed by the MAS for commencement of investment management service 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 and other receivables	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

\* Amount less than HK\$1,000.

Note:

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 37. BUSINESS COMBINATIONS (Continued)

### Acquisitions of subsidiaries (Continued)

#### DL Family and Four Seasons (Continued)

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, 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 approximately 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.

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:

	<b>Recognised values on acquisition</b>
	HK\$'000
Trade 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 acquisition on the result of the Group

Included in the consolidated profit for the year ended 31 March 2021 was 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 acquisition been completed on 1 April 2020, nor is it intended to be a projection of future results.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 37. BUSINESS COMBINATIONS (Continued)

### Deconsolidation of a subsidiary

#### Heritage Distress SP

On 9 April 2020, the Group acquired DJT Equity Series SPC (the “**Cayman Fund**”), and set up one 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 is 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 year ended 31 March 2021 and the financial impacts are summarised as follows:

	2021 HK\$'000
<b>Net assets reclassified:</b>	
Financial assets at FVTPL	154,114
Other receivables	155
Cash and cash equivalents	25
Trade and other payables	(31,247)
Income tax liabilities	(7,281)
	115,766
Satisfied by:	
Financial assets at FVTPL	115,070
Net loss on deconsolidation of the Cayman Fund	(696)
Net cash outflow arising on deconsolidation of the Cayman Fund:	
Cash and cash equivalents reclassified	(25)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

	Notes	2022 HK\$'000	2021 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Right-of-use assets		5,692	1,972
Investments in subsidiaries		87,717	48,706
Deposits		385	–
Financial assets at FVTPL		89,431	119,106
		<b>183,225</b>	169,784
<b>Current assets</b>			
Amounts due from subsidiaries		241,364	154,760
Other receivables, prepayments and deposits		10,498	795
Cash and cash equivalents		35,126	917
		<b>286,988</b>	156,472
<b>Current liabilities</b>			
Other payables		2,561	2,072
Bonds payable		13,000	–
Amounts due to subsidiaries		58,300	56,648
Lease liabilities		2,895	1,322
		<b>76,756</b>	60,042
<b>Net current assets</b>		<b>210,232</b>	96,430
<b>Total assets less current liabilities</b>		<b>393,457</b>	266,214
<b>Non-current liabilities</b>			
Bonds payable		80,000	6,000
Lease liabilities		2,960	664
		<b>82,960</b>	6,664
<b>Net assets</b>		<b>310,497</b>	259,550
<b>EQUITY</b>			
Share capital		14,301	13,966
Other reserves	a	281,781	302,490
Retained earnings/(Accumulated losses)	a	14,415	(56,906)
<b>Total equity</b>		<b>310,497</b>	259,550

The statement of financial position of the Company was approved by the board of Directors on 23 June 2022 and was signed on its behalf.

**Chen Ningdi**  
Director

**Ai Kuiyu**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 38. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

### (a) Reserve movement of the Company

	Other reserves						(Accumulated losses)/ retained earnings
	Share premium*	Share options reserve*	Share held for share award scheme*	Other reserve*	Merger reserve*	Capital reserve*	
Balance as at 1 April 2020	121,035	7,552	–	11,840	19,645	–#	(50,373)
Share-based payments	–	31,961	–	–	–	–	–
Acquisition of shares under Share Award Scheme (note (c))	–	–	(17,255)	–	–	–	–
Issuance of shares under Share Option Scheme (notes (a) & 24(a))	82,836	(14,717)	–	–	–	–	–
Issuance of shares under Share Subscription (note 24(c))	59,593	–	–	–	–	–	–
Dividend paid (note 14)	–	–	–	–	–	–	(9,497)
Profit and total comprehensive income for the year	–	–	–	–	–	–	2,964
<b>Balance as at 31 March 2021 and 1 April 2021</b>	<b>263,464</b>	<b>24,796</b>	<b>(17,255)</b>	<b>11,840</b>	<b>19,645</b>	<b>–#</b>	<b>(56,906)</b>
Acquisition of shares under Share Award Scheme (note (c))	–	–	(98,778)	–	–	–	–
Shares granted under Share Award Scheme (note (c))	282	–	373	–	–	–	–
Issuance of shares under Share Option Scheme (notes (b) & 24(b))	90,988	(13,574)	–	–	–	–	–
Dividend paid (note 14)	–	–	–	–	–	–	(63,810)
Profit and total comprehensive income for the year	–	–	–	–	–	–	135,131
<b>Balance as at 31 March 2022</b>	<b>354,734</b>	<b>11,222</b>	<b>(115,660)</b>	<b>11,840</b>	<b>19,645</b>	<b>–#</b>	<b>14,415</b>

# Less than HK\$1,000.

\* Other reserves comprise the Company's reserve of HK\$281,781,000 (2021: HK\$302,490,000).

Notes:

- During the year ended 31 March 2022, 33,500,000 shares were issued at subscription price from HK\$1.00 to HK\$2.50 to respective option holders (note 11) to the exercise of their options under the Share Option Scheme of the Company.
- 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 the exercise of their options under the Share Option Scheme of the Company.
- During the year ended 31 March 2022, the Company contributed approximately HK\$98,778,000 (2021: HK\$17,255,000) at an average price of HK\$2.57 (2021: HK\$1.407) per share for repurchase of 38,415,000 (2021: 12,260,000) ordinary shares which are currently held under the share award scheme adopted on 8 September 2020 (the "Share Award Scheme"). During the year ended 31 March 2022, a total of 202,000 shares were granted to the eligible persons pursuant to the Share Award Scheme. No share award has been granted from this Share Award Scheme as of 31 March 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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.

	2022 HK\$'000	2021 HK\$'000
<b>Financial assets</b>		
Financial assets at amortised cost:		
– Trade and other receivables, deposits	225,817	209,297
– Loan and interest receivables	166,633	92,701
– Bank balances – trust	130,942	43,033
– Cash and cash equivalents	154,636	56,222
	<b>678,028</b>	401,253
Financial assets at FVTPL:		
– Listed equity securities – Hong Kong	314	260
– Unlisted equity investment – outside Hong Kong	110,705	71,204
– Unlisted investment fund	89,432	119,106
	<b>200,451</b>	190,570
	<b>878,479</b>	591,823
	2022	2021
	HK\$'000	HK\$'000
<b>Financial liabilities</b>		
Financial liabilities at amortised cost:		
– Trade and other payables	152,321	64,037
– Promissory notes	25,000	22,376
– Bank borrowing	80,000	–
– Bonds payable	93,000	6,000
– Lease liabilities	10,013	10,486
	<b>360,334</b>	102,899

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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 US\$, RMB, SGD and Euro. Any changes in the exchange rates of US\$, RMB, Euro and SGD to HK\$ will impact the Group's operating results.

As US\$ is pegged to HK\$, foreign exchange exposure on US\$ denominated transactions, assets or liabilities is considered as minimal. The volume of RMB, Euro and SGD denominated transactions and amounts of RMB, Euro and SGD denominated assets and liabilities are low, the respective foreign exchange risks are considered as insignificant as at 31 March 2021 and 2022. The Group currently does not undertake any foreign currency hedging as at 31 March 2021 and 2022.

### 39.3 Interest rate risk

The Group is exposed to the cash flow interest rate risk in relation to variable interest bearing assets. The Group's interest-bearing assets and liabilities are mainly margin receivables, loans and interest receivables, bank deposits, promissory notes, bank borrowing, bonds payable and lease liabilities.

#### Bank deposits, loans and interest receivables, promissory notes, bank borrowing, bonds payable and lease liabilities

Bank deposits and bank borrowing issued at variable rates expose the Group to cash flow interest-rate risk. Loans and interest receivables, promissory notes, bonds payable and lease liabilities issued at fixed rates expose the Group to fair value interest-rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 March 2022, if interest rates on assets and liabilities had been increased/decreased by 100 (2021: 100) basis point with all variables held constant, the Group's post-tax profit for the year would have been HK\$668,000 decreased/increased (2021: nil).

#### 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.

	2022 HK\$'000	2021 HK\$'000
Assets:		
– Trade receivables from margin clients	151,114	33,399

The sensitivity analysis below has 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 (2021: 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 39.3 Interest rate risk *(Continued)*

#### Margin receivables *(Continued)*

As at 31 March 2022, if the interest rate of trade receivable from margin clients had been 100 (2021: 100) basis point higher/lower, the Group's profit for the year would increase/decrease (2021: increase/decrease) by approximately HK\$1,511,000 (2021: HK\$334,000).

### 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 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 2022.

#### Trade 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 receivables (excluding margin receivables). To measure the ECL, trade 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 39.4 Credit risk *(Continued)*

#### **Trade receivables (excluding margin receivables)** *(Continued)*

As at 31 March 2022, in respect of trade receivables (excluding margin receivables), the Group is exposed to concentration of credit risk to the extent that HK\$49,095,000 (2021: HK\$153,972,000) of trade 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 receivables with a bank to mitigate the credit risk with a coverage of HK\$451,000 (2021: HK\$5,660,000) out of the total trade receivables balance.

Included in the trade receivables (excluding margin receivables) is the trade receivable from investment management service client amounting to approximately HK\$13,683,000 (2021: HK\$128,697,000) which constitute the majority of the balance and is the largest outstanding balance from a single customer as at 31 March 2022.

On that basis, management has assessed that the ECL allowance as at 31 March 2022 and 31 March 2021 for trade receivables (excluding margin receivables). During the year ended 31 March 2022, ECL allowance of HK\$270,000 (2021: HK\$756,000) was recognised.

Trade 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 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.

#### **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 amounts 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 2022, the carrying amounts of margin receivables amounted to approximately HK\$151,114,000 (2021: HK\$33,399,000) and no ECL (2021: nil) is recognised. All balances are categorised in Stage 1 12-month ECL with no movement from/to other stages during the year (2021: same). As at 31 March 2021 and 2022, margin receivables were secured by the customers' securities and cash collateral with undiscounted market value of approximately HK\$711,723,000 (2021: HK\$176,678,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 39.4 Credit risk *(Continued)*

#### Loan and interest receivables

The Group measures loss allowance under HKFRS 9 ECL model. The measure of ECL is a function of the probability of default (“**PD**”), loss given default (“**LGD**”) (i.e., the magnitude of the loss if there is a default) and the exposure at default (“**EAD**”). 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 PD, LGD, and 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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 39.4 Credit risk *(Continued)*

#### **Loan and interest receivables** *(Continued)*

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 without significant increase in credit risk since initial recognition where ECL allowance is calculated based on lifetime ECL
- Stage 3: credit impaired assets where ECL allowance is calculated based on lifetime ECL

#### **Significant increase in credit risk**

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

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

The Group collects performance and default information about its credit risk exposures and analyses all data collected using statistical model and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as delinquency rate on residential mortgage and residential property price index. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group uses different criteria to determine whether credit risk has increased significantly and the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted or when the asset becomes 30 days past due. The Group performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

The Group has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case, the asset may move back to Stage 1 from Stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 39.4 Credit risk *(Continued)*

#### Loan and interest receivables *(Continued)*

##### **Default and credit-impaired**

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In particular, the following qualitative indicators are taken into account in determining the risk of default occurring:

- probable bankruptcy entered by the borrowers; and
- death of the debtor.

##### **Incorporation of forward-looking information**

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

The Group uses internal and external information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies.

The Group uses multiple scenarios to model the nonlinear impact of assumptions about macroeconomic factors on ECL. The Group applies probabilities to the forecast scenarios identified.

In applying the forward-looking information and probabilities to the forecast scenario identified for assessing the ECL as at 31 March 2021 and 2022, the Group has taken into account the possible impacts associated with the persistent social unrests, COVID-19 and the overall change in economic environment.

The credit quality classification of loan receivables and their respective interest receivables using the Group's ECL model is set out in the table below:

	Stage 1 12-month ECL	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
Loan receivables	161,409	92,781
ECL allowance	(1,619)	(1,896)
Net loan receivables	159,790	90,885
Interest receivables	6,912	1,858
ECL allowance	(69)	(42)
Net interest receivables	6,843	1,816
Total net loan and interest receivables	166,633	92,701

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

	2022 HK\$'000	2021 HK\$'000
At 1 April	1,938	163
Reversal of ECL allowance	(1,635)	(163)
ECL allowance recognised	1,385	1,938
At 31 March	1,688	1,938

#### 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 and 2022 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\$169,000 (2021: HK\$194,000)
– 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\$169,000 (2021: HK\$194,000)

#### Concentration on credit risk

At 31 March 2022, the Group had a concentration risk as 18.3% (2021: 26.8%) and 59.0% (2021: 79.9%) of total loans to customers (net of allowance) were made up by the Company's largest loan customer's and the five largest loans customers' outstanding balances respectively.

#### Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and deposits and amounts due from related parties. In order to minimise the credit risk, the management makes periodic collective and individual assessment on their recoverability based on historical settlement records, past experience and available forward-looking information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of other receivables and deposits, amounts due from related parties are considered to be low.

Besides, the management is of opinion that there is no significant increase in credit risk on these other receivables and deposits, amounts due from related parties 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 and deposits, amounts due from related parties as at 31 March 2021 and 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 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 2022, if the equity securities prices increase/decrease by 5% with all other variables held constant, the Group's profit before taxation will be HK\$16,000 (2021: HK\$13,000) higher/lower 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 and other payables, promissory notes, bank borrowing, bonds payable and lease liabilities 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 are 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.

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

	Less than 1 year or repayable on demand HK\$'000	1–2 years HK\$'000	3–5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flow HK\$'000	Carrying amount HK\$'000
<b>As at 31 March 2022</b>						
Trade and other payables	152,321	–	–	–	152,321	152,321
Promissory notes	25,845	–	–	–	25,845	25,000
Bank borrowing	80,992	–	–	–	80,992	80,000
Bonds payable	19,393	49,098	37,903	6,189	112,583	93,000
Lease liabilities	6,609	3,601	–	–	10,210	10,013
	<b>285,160</b>	<b>52,699</b>	<b>37,903</b>	<b>6,189</b>	<b>381,951</b>	<b>360,334</b>
<b>As at 31 March 2021</b>						
Trade and other payables	64,037	–	–	–	64,037	64,037
Lease liabilities	5,850	4,878	–	–	10,728	10,486
Promissory notes	23,400	–	–	–	23,400	22,376
Bonds payable	383	300	901	6,519	8,103	6,000
	93,670	5,178	901	6,519	106,268	102,899

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

### 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 2022 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 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>As at 31 March 2022</b>			
Financial assets at FVTPL			
– Listed equity securities	314	–	–
– Unlisted equity investment	–	–	110,705
– Unlisted investment fund	–	89,432	–
<b>As at 31 March 2021</b>			
Financial assets at FVTPL			
– Listed equity securities	260	–	–
– Unlisted equity investment	–	–	71,204
– Unlisted investment fund	–	119,106	–

There were no transfers among levels 1, 2 and 3 during the years ended 31 March 2021 and 2022.

The carrying amounts of the Group's other financial assets and liabilities including bank balances – trust, cash and cash equivalents, trade and other receivables and deposits, loan and interest receivables, trade and other payables, promissory notes, lease liabilities and bank borrowing approximate their fair values due to their short maturities or the impact of discounting is not significant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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

##### **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\$89,432,000 (2021: HK\$119,106,000), 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 and 2022 by independent and professional qualified valuer based on residual method as follow:

<b>Valuation technique of property under development included in the unlisted equity investment</b>	<b>Significant unobservable inputs</b>	<b>Relationship of significant unobservable inputs to fair value</b>
Residual method (2021: Residual method)	Market price of finished lot, ranging from US\$1,440,000 (2021: US\$925,000) per lot to US\$2,725,000 (2021: US\$3,850,000) per lot, and adjusted taking into account of time and locations to the underlying assets of the invested company	The higher/lower the market price, the higher/lower the fair value

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

## 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 reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 fair value measurements is as follows:

Financial assets at FVTPL	Level 3 HK\$'000
At 1 April 2020	–
Addition	37,635
Fair value gain	33,569
At 31 March 2021 and 1 April 2021	<b>71,204</b>
Fair value gain	<b>39,501</b>
<b>At 31 March 2022</b>	<b>110,705</b>

There has been no transfers into or out of Level 3 during the year ended 31 March 2022 (2021: nil).

## 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 adequate 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 to maintain a balance between a higher shareholder's return that might be possible with higher levels of borrowings and the advantages of a higher capital position, and makes adjustments to the capital structure in light of changes in economic conditions. No changes in the objectives, policies or processes for managing capital were made during the reporting period.

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 subsidiaries 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.

During the years ended 31 March 2021 and 2022, the subsidiaries, which is subject to minimum capital requirements imposed by the respective regulatory authorities, complied with all minimum capital requirements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 March 2022*

## **41. EVENTS AFTER THE REPORTING DATE**

On 23 May 2022, one of the subsidiary of the Company, DL Asset Management entered into agreements with related companies, DL Global Holdings Limited and DL Family Office Limited, for the acquisition of 45% equity interest in DL Family Office (HK) Limited and 100% equity interest in Emerald Wealth Management Limited at the consideration of HK\$63,000,000 and HK\$15,500,000 respectively. Up to the reporting date, refundable deposits of HK\$6,300,000 and HK\$1,550,000 have been paid for the transactions respectively. The acquisitions had not yet been completed.

## **42. COMPARATIVE FIGURES**

Certain comparative figures in these consolidated financial statements were reclassified to conform to 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.

RESULTS	Year ended 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	309,065	426,551	226,391	186,519	279,382
Profit/(Loss) before income tax expense	120,536	217,792	(51,861)	18,987	20,706
Income tax (expense)/credit	(10,761)	(16,994)	452	(305)	(5,018)
Profit/(Loss) for the year	109,775	200,798	(51,409)	18,682	15,688

  

ASSETS AND LIABILITIES	As at 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Current assets	679,742	403,375	181,375	119,914	110,854
Non-current assets	235,038	224,566	29,739	60,542	4,841
Total assets	914,780	627,941	211,114	180,456	115,695
Current liabilities	304,809	116,313	45,562	9,384	33,042
Non-current liabilities	83,810	11,071	538	250	250
Total liabilities	388,619	127,384	46,100	9,634	33,292
Net assets	526,161	500,557	165,014	170,822	82,403
<b>EQUITY</b>					
Equity attributable to owners of the Group	526,161	500,557	165,014	170,822	82,403

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