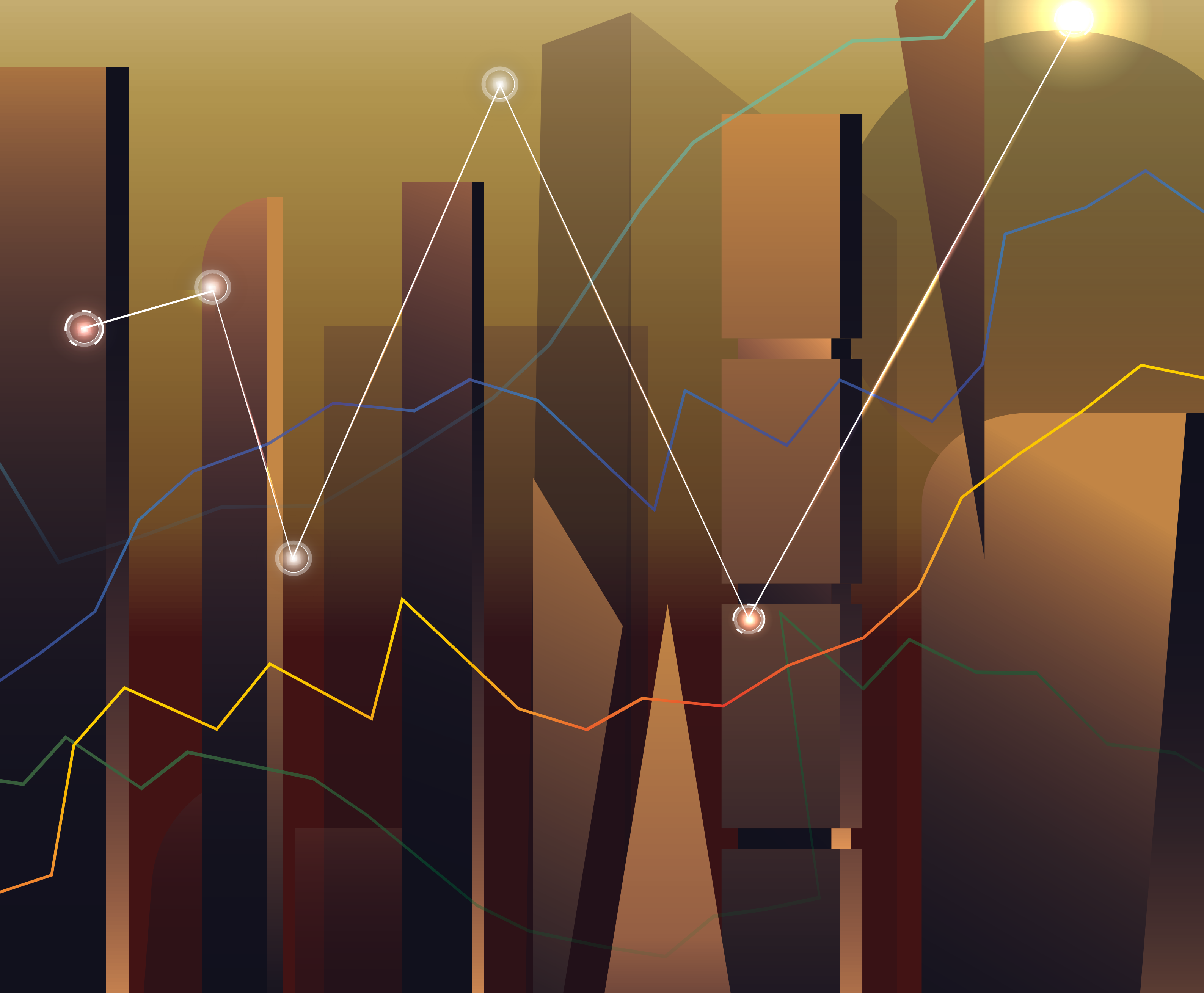
KINGKEY FINANCIAL INTERNATIONAL

2022 ANNUAL REPORT

Kingkey Financial International (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1468



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CORPORATE INFORMATION

Board of Directors

Executive Directors
Mr. Chen Jiajun
Ms. Kwok Yin Ning *(Chief Executive Officer)*
Mr. Mong Cheuk Wai

Independent Non-executive Directors
Ms. Mak Yun Chu
Mr. Hung Wai Che
Mr. Leung Siu Kee

Company Secretary

Mr. Tsang Hing Bun

Audit Committee

Ms. Mak Yun Chu *(Chairperson)*
Mr. Hung Wai Che
Mr. Leung Siu Kee

Remuneration Committee

Mr. Hung Wai Che *(Chairperson)*
Ms. Mak Yun Chu
Mr. Leung Siu Kee

Nomination Committee

Mr. Leung Siu Kee *(Chairperson)*
Ms. Mak Yun Chu
Mr. Hung Wai Che

Authorised Representatives

Ms. Kwok Yin Ning
Mr. Tsang Hing Bun

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Public Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

Auditor

Elite Partners CPA Limited

Registered Office

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

902, Harbour Centre, Tower 2
8 Hok Cheung Street, Hunghom
Kowloon, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal Share Registrar and Transfer Office in the Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Corporate Website

http://www.kkgroup.com.hk

Stock Code

1468

Listing Dates

24 August 2012 (GEM)
20 March 2015 (Main Board)

Dear Shareholders,

I hereby report to you the status of Kingkey Financial International (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2022.

Business Review

In 2021, although the COVID-19 pandemic temporarily subsided, there was no forceful rebound in Hong Kong's economy. The revitalization of stock market in the first quarter of 2021 was short-lived and the Group could not benefit from it as our financial year starts in the second quarter. There was little, if any, measures or allowances brought out by the Hong Kong government to alleviate the difficult business environment that the Group and its peers were suffering from, let alone the resumption of connection with the mainland China. Worse, in the first quarter of 2022, the outbreak of Omicron variant of COVID-19 was unprecedented. The virus was rampant in Hong Kong, with a record high of more than 70,000 daily confirmed cases. The impact to financial industry was severe and we are no exception. The poor market atmosphere also affected the performance of our fund investment. Luckily, the successful fund raising of approximately HK$450 million last year provided some capital for our money lending business, generating considerable interest income. During the year, we have decided to enter into two acquisitions, namely, the FGA Holdings Limited and First Achiever Venture Limited, both were completed after the financial year end. We hope that these two new businesses will acquire considerable income to us.

Securities

Kingkey Securities Group Limited is the flagship company of the Group for the securities business, which has the permitted licences to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance ("SFO", Chapter 571 of the Laws of Hong Kong). The performance of this business unit for the year ended 31 March 2022 was heavily affected by the market atmosphere and fierce competition, dragging down the securities brokerage income and commission income from underwriting, sub-underwriting, placing and sub-placing. In fact, as Bloomberg commented in April that, The Stock Exchange is one of the worst performing stock exchanges in the world this year as it has been dragged by the mainland China's monitoring issue as well as the pandemic that there was no IPO in Hong Kong with fund raising size over US$1 billion up to the date of the report. This business contributed an aggregate of approximately HK$33.9 million revenue (2021: approximately HK$36.0 million) and approximately HK$10.1 million profit (2021: approximately HK$18.1 million).

Insurance Brokerage

Kingkey Privilege Wealth Management Limited ("KKWM") is our wealth management and insurance brokerage arm. As at 31 March 2022, it is registered with the Insurance Authority ("IA") and Mandatory Provident Fund Schemes Authority ("MPFA") and is operating a team of experienced insurance professionals with 144 licensed representatives under IA and 71 licensed representatives under MPFA, having over 17% increment in salesforce compared with last financial year. They act as individual financial advisers to provide quality service to their clients by adopting IFA 3.0 strategy to formulate detailed and tailor-made wealth management solutions based on the clients' needs and source appropriate investment tools with an aim to achieving desired return, our platform providing 30 major life and general insurance providers for different types of clients. Moreover, they assist their clients to grasp the most updated market information and analyse the risk and opportunities therefrom and assess their clients' portfolio regularly. KKWM has generated over 670 new clients and issued over 1,715 number of policies during this financial year, and our platform are managing over 7,855 insurance policies for over 4,000 clients and has accumulated total Annualised First Year Premium ("AFYP") amount of over HK$271 million; with total Annualised First Year Commission ("AFYC") amount of over HK$56 million.

Due to the prolonged prevention measures of the COVID-19 and the fifth wave of its outbreak, the business was still significantly thwarted as evidenced by a decrease of revenue to approximately HK$47.7 million from approximately HK$65.9 million from last year's corresponding period.

Fur

As disclosed in our 2021 interim report, in the first half of the financial year, the fur business was benefited by the good auction prices. However, because of the war in Ukraine, Kopenhagen Fur cancelled their traditional first auction of the new season in February this year. Saga Furs, on the other hand, started the season in March but with little success. The Russian market, which is the second biggest fur market in the world, is suffering tremendously from the war also. However, our Danish farms' compensation from the Danish government, to our surprise, has been coming into our company slowly. Moreover, there is no news that when or whether the Danish government will lift the ban of resuming the business. Based on the above reasons, we decided to fully impair our fixed assets of this business (excluding the land of the mink farms) amounting to approximately HK$59.4 million which is supported by an independent valuer engaged by the Company. For the year ended 31 March 2022, the fur business contributed approximately HK$7.2 million revenue (2021: HK$23.4 million). Due to the non-cash one-off impairment, the loss from this segment was approximately HK$51.5 million (2021: profit of HK$2.7 million).

Assets Management

We commenced this business line since early 2020. During the year, we are expanding our team of professionals in investment and fund management to serve our clients who are looking for fund managers to look after their assets and we earn service fee in return. All of them are qualified with Type 9 (asset management) regulated activities license under the Securities and Futures Commission and some of them had worked for reputable investment banks before joining us. As at 31 March 2022, revenue from provision of fund and asset management services recorded HK$8.1 million (2021: HK$13.0 million).

Money Lending

Our money lending business was benefited by the influx of cash due to fund raising last year that we were able to lend more in order to accommodate the keen demand from the market. In fact, our interest income recorded approximately HK$30.1 million (2021: HK$10.3 million), showing a big leap of approximately HK$19.8 million or 192.2% from last year while the non-performing loan ratio is still low as a sign of our tight credit review procedures on the creditworthiness of creditors effective.

Prospects

Although the fifth wave COVID-19 outbreak has passed its peak, Hong Kong is still facing several problems. Firstly, the cross-border economic activities are still substantially disrupted by the pandemic in the mainland China. Secondly, the Hong Kong's financial markets remain sluggish that financial service industry is still experiencing its business trough. Finally, in the face of the unexpectedly high inflation in the United States, the Federal Reserve is poised to be more aggressive in increasing the interest rates that under the exchange rate peg system, Hong Kong's monetary system will inevitably be affected, further shattering the Hong Kong's economy as well as the Group's business.

With the Ukraine war still going on, the fur business has been hit very hard as there is literally no fur garment shipping to the Russian market so far this year. Even though our farms' mink skins are enjoying a very healthy profit, the quantity of our mink skins being sold in the Kopenhagen Fur auction will not be as many as past previous years. However, our company will be using the best Danish lawyers to represent us in negotiating with the Danish government for our farms' compensation because they forbid us in farming minks in 2022 and 2023. The continuance of this business segment largely depends on whether the Danish government would lift the ban to carry on mink farming business and the compensation amount.

Concerning these challenges, the Company plans to place more emphasis on the newly acquired business regarding the Forbes networking business in China and the investment in the technology-driven business.

Last but not least, I would like to express my gratitude to all staff of the Group for your relentless effort and contributions to the Group. Appreciation also goes to all the shareholders of the Company for your unfailing support and I wish you all the best of health and luck.

Chen Jiajun
Executive Director
Hong Kong, 23 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and segment results

Revenue of the Group for financial year ended 31 March 2022 ("FY2022") was approximately HK$127.0 million (FY2021: approximately HK$148.6 million). The decrease in revenue was mainly due to decrease in insurance brokerage services income.

Securities

Kingkey Securities Group Limited was licensed to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under SFO. For FY2022, the Group's commission income from securities brokerage, underwriting and placing, plus interest income from securities margin financing, cash clients and IPO loans amounted to approximately HK$33.9 million (FY2021: approximately HK$36.0 million), which mainly due to decrease in above-mentioned commission income.

The securities brokerage commission decreased from last year's approximately HK$5.1 million to this year approximately HK$3.2 million mainly due to sluggish stock market, which was partly offset by the slightly increase in interest income from margin financing services.

The securities business reported segment profit of approximately HK$10.1 million for FY2022 (FY2021: approximately HK$18.1 million).

Insurance brokerage

Insurance brokerage represented the provision of insurance brokerage and wealth management services.

Kingkey Privilege Wealth Management Limited, the insurance brokerage arm of the Group, is registered with the Insurance Authority ("IA"). As at 31 March 2022, it is registered with IA and is operating a team of 144 licensed representatives under IA and 71 licensed representatives under Mandatory Provident Fund Schemes Authority, and is representing 30 major life and general insurance providers.

During FY2022, revenue from insurance brokerage, which represented commission income received from broking and dealing in insurance products amounted to approximately HK$47.7 million (FY2021: approximately HK$65.9 million). It reported a segment loss of approximately HK$5.4 million for FY2022 (FY2021: approximately HK$6.1 million).

Fur

For FY2022, the Group's fur business fell and the revenue amounted to approximately HK$7.2 million (FY2021: approximately HK$23.4 million). The decrease was due to Kopenhagen Fur cancelled their traditional first auction of new season in February this year because of the war in Ukraine. The fur business reported a segment loss of approximately HK$51.5 million for FY2022 (FY2021: profit of approximately HK$2.7 million), mainly due to fully impair the fixed assets of the fur business (excluding the land of the mink farms) amounting to approximately HK$59.4 million.

Assets management

Kingkey Asset Management Limited was licensed to conduct type 9 (asset management) regulated activities under SFO. It provides investment portfolio management services to its clients. For FY2022, the business recorded revenue from provision of fund and assets management services of HK$8.1 million (FY2021: approximately HK$13.0 million).

Money lending

Kingkey Finance Limited holds a money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the year, the Group conducted several money lending transactions and the individual loan size ranged from HK$0.5 million to HK$50 million.

The money lending business contributed interest income of approximately HK$30.1 million to the revenue of the Group for FY2022 (FY2021: approximately HK$10.3 million) and reported a loss of approximately HK$4.0 million (FY2021: profit of approximately HK$3.3 million). Loss was mainly due to HK$25.5 million (2021: HK$Nil) interest payment to the Company for fund raising to supporting the business. The interest rate charged was ranging from 10% to 48%, depending on the credit worthiness of the borrowers and the timeframe of the borrowing. During the FY2022, none of the creditors together with their associates (if any), had borrowed the amount more than 8% of the total assets of the Group in aggregate at any time and none of the loans to a particular creditor and to its associates in aggregate would be a notifiable transaction that requires the Company to disclose by way of announcement and/or circular.

Cost of sales

The cost of sales of the Group amounted to approximately HK$41.1 million for FY2022, representing a decrease of approximately 22% from approximately HK$52.7 million for the last corresponding period. The decrease in cost of sales was mainly due to decrease in revenue for insurance brokerage and fur business.

Gross profit and gross profit margin

As a result of the above situations, the Group recorded a consolidated gross profit of approximately HK$86.0 million or gross profit margin of 67.7% for FY2022, compared with that of approximately HK$95.9 million or 64.5% for FY2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income

Other income increased by approximately HK$22.3 million for FY2022, mainly due to HK$19.6 million compensation income received from Danish government for fur business to subsidise mainly for the loss of the minks culled.

Impairment of trade receivables, net

The Group recognised an impairment of approximately of HK$6.6 million in relation to the expected credit loss of margin loan client in securities business for FY2022, compared to a reversal of approximately HK$1.5 million for last year.

Provision for impairment of loan receivables, net

The Group recognised a loss of approximately HK$1.9 million from an adjustment in the expected credit loss of loan receivables in money lending business for FY2022 (FY2021: HK$0.2 million).

Administrative expenses

The administrative expenses of the Group increased by approximately 3.3% from approximately HK$96.4 million for FY2021 to approximately HK$99.6 million for FY2022. The increase in the administrative expenses was primarily due to increase in legal and professional fee for the acquisition projects.

Other gains or losses, net

Other gains or losses, net, recorded a loss of approximately HK$69.9 million which mainly due to above-mentioned HK$59.4 million non-cash one-off impairment of property, plant and equipment for fur business and HK$16.8 million investment loss in fund portfolios investments, netting off gain on bargain purchase of acquisition of an associate HK$5.6 million.

During the year, the Group has four investments in fund portfolios. For the FY2022, the investment recorded a net investment losses of approximately HK$16.8 million which was mainly due to the global investment markets being volatile as a result of factors such as the recurring of COVID-19 pandemic and war between Russia and Ukraine and its related effects.

Impairment of property, plant and equipment

1. Details of the reasons, events and circumstances leading to the recognition of impairment loss on property and equipment

The outbreak of the coronavirus pandemic ("COVID-19") have persisted in Denmark, especially at mink farms, since late 2019.

In November 2020, the Danish government announced strict lockdown rules after authorities discovered a mutated coronavirus strain in minks bred in the region, prompting a nationwide cull that devasted the large pelt industry. In light of such change in market conditions in Denmark, the Directors had, based on the financial performance of the Group's fur business (the "Fur Business"), re-evaluated the supply situation of the mink industry and re-assessed the sustainability of the Fur Business. Based on such evaluation results, the Directors prepared a cash flow projection of the Fur Business covering a four year period which had taken into account the management's estimation of the impact of COVID-19 since 2020, including but not limited to (i) the mink breeding suspension from November 2020 to December 2021; (ii) business recovery after resuming the mink farming activities; (iii) the availability of suppliers to supply sufficient mink livestock; (iv) the purchasing cost of mated females and males for breeding; and (v) the birth rate of minks.

To achieve this, the Directors, with the assistance of an independent valuer, reviewed and reassessed the abovementioned key assumptions and finally concluded that due to the estimated value-in-use of the Group's mink farm plant and machinery (the "Fur Assets") under the Fur Business exceeds its carrying amount, therefore, no impairment was considered necessary as at 31 March 2021.

During the year ended 31 March 2022, the ban on mink farming in Denmark remained in place and there was no solid information announced by the Danish Government as at 31 March 2022 in relation to the decision on whether mink breeding would be allowed to restart. Based on such latest information available to the Board, it was anticipated by the Directors that the Fur Business was unlikely able to resume even if the ban was to be lifted.

During the course of the audit process for the Group's financial statements for the year ended 31 March 2022, it was agreed, after serval rounds of discussions with an independent valuer and the auditors of the Company that, due to the unsustainable use of natural resources by the mink industry impedes the Group's response causing uncertainties in recovery of the Fur Business from the COVID-19, the recoverable amount of the Fur Assets was considered nil.

While based on the principle of prudence and conservatism, a valuation (the "Valuation") was made in respect of the value-in-use of the Fur Assets on 31 March 2022 by an independent valuer (the "Valuer") and the valuation results was in line and able to support the aforesaid discussion results. Accordingly, a full impairment on the carry amount of approximately HK$59.4 million was recognised on the Fur Assets as at 31 March 2022.

2. The valuation method and the reasons

As set out in the valuation report (the "Valuation Report") with respect to the Valuation, the fair value of the Fur Assets is primarily derived from the realisation of the compensation scheme (the "Compensation Scheme") proposed by the Danish government to compensate the Danish mink farmers, which specifies that the compensation amount shall equal to the present value of the loss of future earnings that would have been earned from 2021 through 2030. The Valuers have therefore solely relied on discounted cash flow method under the income approach in determining our opinion of value. The costs of disposal are assumed to be minimal based on the Compensation Scheme.

However, as there has been no update or news regarding the Compensation Scheme from the Danish government, it is unclear as to when the compensation could be settled and whether the compensation could be realized. In light of this, as at the valuation date (i.e. 31 March 2022) (the "Valuation Date") of the Valuation, the Directors believed that the realisation of the Compensation Scheme was exposed to a significant level of uncertainty and that the likelihood to retrieve the full compensation was close to nominal. The aforesaid expectations from the Directors are reflected in the valuation model through multiplying the present value of the loss of future earnings by a probability of realising the compensation.

After considering the above, the fair value of the Fur Assets was finally assessed as nil.

3. Value of inputs used in the valuation together with the basis and assumptions adopted

3.1 Loss of Future Earnings

In accordance to the Compensation Scheme, the loss of future earnings endured by the Fur Business as a result of the mink cull is calculated based on an earnings before interest, taxes, depreciation, and amortization forecast ("Forecast") of the Fur Business from 2021 to 2030.

The Compensation Scheme specifies that the mink price under the forecast shall be calculated as the average of the historical market prices from 2010 to 2019, excluding the highest and lowest value. Similarly, the operating cost under the forecast shall be calculated with reference to historical costs of the Fur Business. And the sales volume under the forecast shall be estimated based on the number of breeding stallions and mink formed in 2019.

Key inputs and assumptions of the Forecast are shown as below:

Parameter/Assumptions	Input
Selling price per unit	Danish Krone 233
Operating cost per unit	Danish Krone 266
Sales volume per year	155,719 minks

3.2 Discount Rate

The loss of future earnings shall be discounted to present value through applying the discount rate, specified by the Danish government in the Compensation Scheme, which is 5.14%.

3.3 Probability of realising the Compensation

During the period under review, the management of the Group ("Management") has not received any update or news regarding the Compensation Scheme from the Danish government, since it was first proposed. And it is unclear to the Management as to when the compensation will be settled, and whether or not the compensation can be fully realised. As at the Valuation Date, the Management believed that the realisation of the Compensation Scheme was exposed to significant level of uncertainty and that the likelihood to retrieve the full compensation was close to nominal. The aforesaid expectations from the Management are reflected in the valuation model through multiplying the present value of the loss of future earnings by a probability of realising the compensation.

3.4 General Assumptions

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions have been made in the Valuation:

(i) the Valuation was primarily based on the Management's expectations on the Compensation Scheme. Specifically, the Management have not received any update or news regarding the Compensation Scheme from the Danish government, since it was first proposed. Thus, they believed that the realization of the Compensation Scheme was exposed to significant level of uncertainty and that the likelihood to retrieve the full compensation was close to nominal. Such expectations are on the assumptions that they reflect the best judgment and knowledge of the Management in relation to the status and expected realization of the Compensation Scheme;

(ii) the information made available to the Valuer is truthful, accurate and without any hidden or unexpected conditions associated with the Fur Business that might adversely affect the reported values;

(iii) interest rates and exchange rates in the localities for the operations of the Fur Business will not differ materially from those presently prevailing;

(iv) the contractual parties of the relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;

(v) all relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where the Fur Business operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

(vi) there will be no major changes in the political, legal, technological, economic or financial conditions and taxation laws in the localities in which the Fur Business operates or intends to operate, which would adversely affect the Fur Business.

4. The underlying reasons for changes in the value of the inputs and assumptions from those previously adopted in the valuation

As at 31 March 2021, the Directors had assessed the market conditions in Denmark and considered that the mink farming activities could be resumed in a forseeable future, in that case, the cash flow forecast of the Fur Business was prepared under an assumption that the Fur Business could be recovered.

However, having considered that there has been no information as to whether the ban in mink farming could be lifted and due to the unsustainable use of natural resources by the mink industry impedes the Group's response causing uncertainties in recovery of the Fur Business from the COVID-19, the Directors considered that there would not be any foreseeable timeline for resumption of the Fur Business. Accordingly, the value in use and the fair value of the Fur Business, as supported by the opinion of the Company's auditors and the Valuer, was considered minimal.

Finance costs

Finance costs, which mainly represented interest expenses for corporate bonds interest and bank borrowings, were approximately HK$13.5 million for FY2022 (FY2021: approximately HK$9.2 million). The increase in finance costs was mainly due to the increase in corporate bonds interest.

Loss for the year

Combined with the above factors, the Group reported a loss for the year to approximately HK$73.1 million for FY2022 (FY2021: approximately HK$8.4 million), that the non-cash impairment of the fur business fixed assets not taken place, the net loss would have been narrowed down to approximately HK$13.7 million.

Liquidity, financial resources and capital structure

The Group mainly finances its operations with internally generated cash flow, bank borrowings and equity/debt financings. The Group maintained bank balances and cash of approximately HK$124.4 million as at 31 March 2022 (31 March 2021: approximately HK$45.6 million) mainly in Hong Kong Dollar and United States Dollar. The net assets of the Group as at 31 March 2022 were approximately HK$790.3 million (31 March 2021: approximately HK$425.8 million).

As at 31 March 2022, the outstanding principal of the short and medium-term bonds was approximately HK$155.6 million (31 March 2021: approximately HK$149.1 million), which were denominated in Hong Kong Dollar and US Dollar at fixed coupon rates ranging from 0% to 9%, of which approximately HK$104,526,000 as at 31 March 2022 (31 March 2021: approximately HK$121,626,000) were guaranteed by Mr. Chen Jiajun, Executive Director and substantial shareholder of the Company, and all the proceeds were planned and in actual utilised for supporting business development as at 31 March 2022.

On 21 February 2021, the Company entered into the placing agreement with BaoQiao Partners Securities (HK) Limited (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, of up to 1,875,000,000 shares (the "Placing Shares") to not less than six placees (the "Placing") at a price of HK$0.24 per share (the "Placing Price"). The Placing Price represented (i) a discount of approximately 48.39% to the closing price of HK$0.465 per share as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the last trading day immediately prior to the date of the agreement for the Placing; (ii) a discount of approximately 25.93% to the average closing price of HK$0.324 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the agreement of the Placing; (iii) a discount of approximately 16.96% to the average closing price of approximately HK$0.289 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to the date of the agreement of the Placing; and (iv) a discount of approximately 14.59% to the average closing price of approximately HK$0.281 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to the date of the agreement of the Placing. The Placing represented approximately 38.66% of the issued share capital of the Company as at the date of the signing the agreement and approximately 27.88% of the enlarged share capital of the Company. The gross and net proceeds raised from the Placing was approximately HK$450 million and HK$447.2 million respectively. Of the net proceeds raised, approximately HK$125.0 million or 27.95% of the net proceeds would be applied for establishing and seeding multiple investment funds and approximately HK$322.2 million or 72.05% of the net proceeds for the development of existing securities brokerage and financial services business and as working capital and general corporate purposes for the Group. An extraordinary general meeting was required to be convened to obtain the approval from the shareholders of the Company (the "Shareholders") to issue the Placing Shares and such general meeting was duly held on 24 May 2021 and the resolution to issue the Placing Shares was duly approved by the Shareholders. The Placing was completed on 4 June 2021 with all 1,875,000,000 Placing Shares were successfully placed.

For more details of the Placing, please refer to the announcement dated 21 February 2021 and the circular dated 30 April 2021. Up to 31 March 2022, the details of the intended and actual use of proceeds are as below:

		Intended Use HK$	Actual Use HK$	Unutilised HK$
(1)	Establishing and seeding multiple investment funds	125 million	70.6 million	54.4 million
(2)	Expanding the Group's securities brokerage and other financial services business	200 million	200 million	–
(3)	Developing corporate image and expanding sales and marketing activities of the Group's financial services businesses	20 million	4.4 million	15.6 million
(4)	Enhancing the IT system	10 million	2.9 million	7.1 million
(5)	Group's general working capital and other general corporate purpose as well as investments in financial projects with high potential	92.2 million	92.2 million	–

The industry of the fund focuses on biological technology. Since the investments mentioned above did not exceed 5% of any applicable ratios under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, no disclosure by way of announcement was required.

The expected time line for the intended use is 31 March 2023.

As at 31 March 2022, the total number of issued shares of the Company was 6,724,629,735.

Financial Key Performance

The above financial data were chosen to present in this annual report as they represent a material financial impact on the consolidated financial statements of the Group for the current and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that presenting the changes of these financial data can effectively explain the financial performance of the Group for the year ended 31 March 2022.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure of foreign currency risk. As the Hong Kong Dollar is pegged to the United States Dollar, the Group considers the risk of movements in exchange rates between the Hong Kong Dollar and the United States Dollar to be insignificant.

Foreign Currency Management

The Group adopts a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised.

The Group carries out its business in Hong Kong and worldwide and its assets and liabilities as well as the income and expenses are exposed to foreign currency risk primarily arising from sales and purchases transactions, investments and borrowings denominated in United States Dollar and Danish Krone.

The Group has certain investments and operations in Denmark which are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered manageable as such impact will be offset by borrowings denominated in Danish Krone.

During the year, the Group had not engaged in any financial instruments for hedging or speculative activities.

Charge of Assets

As at 31 March 2022, the Group charged other plant and equipment before impairment and inventories of approximately DKK62,873,000 (approximately HK$73,448,000) (2021: DKK69,339,000, approximately HK$85,113,000) for bank borrowings.

As at 31 March 2022, the Group has pledged HK$35,000,000 bank deposits as security given to a bank for a facility (31 March 2021: HK$17,500,000).

Capital Commitments and Contingent Liabilities

As at 31 March 2022, the Group did not have any significant capital commitments and contingent liabilities (2021: Nil).

Material Acquisitions or Disposals and Significant Investments

On 4 June 2021 (after trading hours), the Company (the "Purchaser") and Great Return Group Limited (the "Vendor") entered into a sale and purchase agreement, pursuant to which, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, 70 shares or 70% of issued equity of FGA Holdings Limited (the "Target Company"), at the total consideration of US$35 million (equivalent to approximately HK$271.6 million), which shall be satisfied by the issue and allotment of up to 1,131,666,666 new shares of the Company at HK$0.24 each (the "Consideration Shares") by the Purchaser to the Vendor in four (4) instalments subject to certain adjustments on valuation of the Target Company and profit guarantee provided by the Vendor.

On 13 January 2022, the Purchaser and the Vendor entered into the Supplemental Agreement, pursuant to which, the Company and the Vendor agreed to restructure and revise certain terms of the Agreement in respect of, among others, the consideration, the conditions precedent, the completion accounts, the post completion accounts and the guarantee provided by the Guarantor. The total consideration payable by the Company to the Vendor for the sale and purchase of the Sale Shares shall remain at US$35.0 million, which shall be subject to adjustment in accordance with the adjustment mechanisms and shall be payable and/or settled in three instalments in accordance with the revised settlement terms.

The Company and the Vendor originally agreed that the total consideration of US$35.0 million shall be satisfied by the issue and allotment of up to 1,131,666,666 Consideration Shares at the Issue Price of HK$0.24 per Consideration Share for full settlement of the Total Consideration. Pursuant to the Supplemental Agreement, up to 905,333,332 Consideration Shares (or the adjusted number of the Consideration Shares in accordance with the Adjustment Mechanisms) shall be issued and allotted at the same issue price as set out in the Agreement of HK$0.24 per Consideration Share as part payment of the total consideration. To better manage the financial risks associated with the businesses of the Target Group, the Company has agreed to settle the maximum amount of the Total Consideration of US$35.0 million in accordance with the deferred and earn out structure which is based on the actual EBITDA of the Target Group for the period of 12 months commencing from 1 January 2022 and ending on 31 December 2022 and the period of 12 months commencing from 1 July 2022 and ending on 30 June 2023 respectively.

An extraordinary general meeting was held on 31 March 2022 that the specific mandate, and other matters, for issuing consideration shares was approved by the shareholders of the Company. The transaction was completed subsequently on 6 June 2022.

For more details of the acquisition, please refer to the announcements of the Company dated 4 June 2021 and 13 January 2022 and the circular dated 28 February 2022.

On 6 June 2022, the Company entered into a share subscription agreement with First Achiever Venture Limited ("First Achiever") to subscribe for 150 ordinary shares at a total consideration of US$3,000,000. First Achiever is a company incorporated in the British Virgin Islands and is the ultimate beneficial owner of Ningbo Quxing Intelligent Technology Company Limited ("Ningbo Quxing") (寧波趣行智能科技有限公司) which in turn holds 90% of equity interest of Ningbo Moqu Information Technology Company Limited ("Ningbo Moqu") (寧波魔趣信息科技有限公司). Ningbo Quxing is principally engaged in development and operations of intelligent digital sales platforms, using advanced data tools for customer analysis and targeted marketing while Ningbo Moqu is principally engaged in development and operations of information technology services.

Upon the completion of the said share subscription, the Company would hold 60% of First Achiever and accordingly, Ningbo Quxing and Ningbo Moqu will become indirect non-wholly owned subsidiaries which financial results will be consolidated to the Company's group account.

For details of the transaction, please refer to the Company's announcement dated 6 June 2022.

Save as disclosed, during FY2022, the Company did not have any material acquisitions or disposals and significant investments.

Final Dividend

The directors do not recommend any final dividend for FY2022 (FY2021: Nil).

Employee Information

As at 31 March 2022, the Group had a total of 69 staff members including Directors (31 March 2021: 76). Staff costs including Director's remuneration amounted to approximately HK$43.3 million for FY2022 (FY2021: approximately HK$44.3 million). Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, and options that may be granted or may be granted under the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and the share option scheme of the Company (the "Share Option Scheme"), together with the Pre-IPO Share Option Scheme (the "Share Option Schemes"), both of which were approved by the then sole shareholder on 1 August 2012.

Risk Management

Credit risk

Credit risk exposure represents trade receivables and loan receivables from customers principally arising from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that appropriate and speedy follow up actions are taken on overdue balances. In this regard, the Board considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensures sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long terms.

Foreign currency risk

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in Hong Kong Dollar, United States Dollar and Danish Krone. The sales and purchases transactions of the Group are exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. The management of the Group may implement foreign currency forward contracts to hedge the exposure to foreign currency risk. As the Hong Kong Dollar is pegged to the United States Dollar, the Group considers the risk of movements in exchange rates between the Hong Kong Dollar and the United States Dollar to be insignificant.

During the year under review, the Group has certain investments in foreign operations in Denmark, whose net assets are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in Danish Krone.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. CHEN Jiajun (陳家俊), aged 30, was appointed as executive Director on 28 August 2020. He has extensive investment experience and currently has a wide variety of investments in different industry sectors. Mr. Chen holds a master's degree in Science of Finance from the University of Southern California ("USC"). Before joining the Company, Mr. Chen has been a non-independent director of Shenzhen Kingkey Smart Agriculture Times Co., Ltd., a company listed on Shenzhen Stock Exchange (stock code: 000048.SZ), since 23 June 2020, an executive director and chairman of Coolpad Group Limited (stock code: 2369), whose shares are listed on Main Board of The Stock Exchange (stock code: 2369), since 17 January 2019 and 30 August 2019 respectively. Mr. Chen currently also serves as a director of USC South China Alumni Club.

Ms. KWOK Yin Ning (郭燕寧), aged 66, was appointed as an executive Director on 31 March 2011 and was designated as the Chief Executive Officer of the Company on 1 August 2012. She is also a director of several subsidiaries of the Company. She has been working in the fur industry for more than 30 years and has more than 20 years of managerial experience. She is responsible for the Group's corporate management and strategic planning.

Ms. Kwok attained a diploma on Management Studies in 1995 which was jointly awarded by the Hong Kong Polytechnic University and the Hong Kong Management Association.

Mr. MONG Cheuk Wai (蒙焯威), aged 62, obtained a bachelor's degree of social sciences from the University of Hong Kong in 1983. He has over 35 years of working experience in direct investments, industrial investments, private equity funds and real estate developments. Mr. Mong started his career with Chase Manhattan Bank (now known as JPMorgan Chase Bank, N.A.) and joined Nan Fung Group in 1999, responsible for establishing the alternative investment business for Nan Fung Group. He had been an independent non-executive director of i-Control Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 1402) during the period from 13 November 2018 to 4 February 2021.

Independent Non-Executive Directors

Ms. MAK Yun Chu (麥潤珠), aged 64, is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and has over 10 years of experience in accounting and administration. Ms. Mak has been an independent non-executive director of Heng Tai Consumables Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 197) since April 2004 and was an independent non-executive director of Wealth Glory Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange from September 2010 to November 2013 (stock code: 8269).

Ms. Mak has been an independent non-executive Director of the Company, the chairperson of the audit committee of the Company and the member of the remuneration committee and nomination committee of the Company since 15 March 2016.

Mr. LEUNG Siu Kee (梁兆基), aged 45, has more than 15 years of experience in accounting industry. He had worked in two international accounting firms for 5 years, mainly to provide auditing and business assurance services. He has been a director of a certified public accounting limited and a company providing accounting and taxation services since August 2008 and September 2016, respectively. Mr. Leung has been an executive director of Coolpad Group Limited (stock code: 2369) since 19 January 2018 and an independent non-executive director of China Chuanglian Education Financial Group Limited (stock code: 2371), which is listed on the Stock Exchange, since December 2009. He had been an independent non-executive and non-executive director of KK Culture Holdings Limited (stock code: 550) for the period from 8 September 2015 to 26 January 2018. Mr. Leung obtained a bachelor degree of business administration in accounting from The Hong Kong University of Science and Technology in November 1998 with first class honour. He has been a member of the Hong Kong Society of Accountants since March 2003 and currently a practising certified public accountant of the Hong Kong Institute of Certified Public Accountants.

Mr. HUNG Wai Che (孔偉賜), aged 46, was appointed as independent non-executive Director on 26 August 2016. He has over 14 years of experience in legal field and operating and managing various energy and recycling projects including power station and oil refinery factories in China and Hong Kong. He graduated from the University of Wales, Aberystwyth, United Kingdom with Honours Degree in Law. Mr. Hung has been an independent non-executive director of Jimu Group Limited, a company listed on the GEM (stock code: 8187) since 30 December 2021.

CORPORATE GOVERNANCE REPORT

The Company endeavours in maintaining a high standard of corporate governance for the enhancement of shareholders' value and providing transparency, accountability and independence. The Company has fully complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 to the Listing Rules for the year ended 31 March 2022 with the following exception:

Under Code Provision F.1.1, the company secretary should be an employee of the Company and have the day to day knowledge of the Company's affairs.

Mr. Tsang Hing Bun ("Mr. Tsang") was appointed as company secretary of the Company (the "Company Secretary") with effect from 25 January 2019. Although Mr. Tsang is not an employee of the Company as required under code provision F.1.1 of the Code, the Company has assigned Ms. Kwok Yin Ning, the executive director, as the contact person with Mr. Tsang. Information in relation to the performance, financial position and other major developments and affairs of the Group are speedily delivered to Mr. Tsang through the contact person assigned. Hence, all directors are still considered to have access to the advice and services of the Company Secretary in light of the above arrangement in accordance with code provision F.1.4 of the Code. Having in place a mechanism that Mr. Tsang will get hold of the Group's development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Tsang as the Company Secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations. For the year ended 31 March 2022, Mr. Tsang has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Compliance with the Model Code for Securities Transactions by Directors

The Group adopted the code of conduct for securities transactions by Directors ("Securities Dealings Code") on terms no less exacting than that set out in Appendix 10 of the Listing Rules. Upon the Group's specific enquiry, all Directors confirmed that during the year ended 31 March 2022, they had fully complied with the Securities Dealings Code.

Board of Directors

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board comprises three executive Directors and three independent non-executive Directors and is accountable to shareholders. The powers and duties of management and control of the business of the Company are generally vested in its Board. It is the duty of the Board to enhance value of the Company to the shareholders. The composition of the Board and biographies of the Directors are set out on pages 18 to 19 of this annual report.

The three executive Directors are responsible for the leadership and control of the Company, overseeing the Group's businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The three independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect shareholders' interest and overall interest of the Group.

Each of the independent non-executive Directors has given the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 3.13 of the Listing Rules. Throughout the year ended 31 March 2022, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications on accounting or related financial management expertise. The number of independent non-executive Directors has represented at least one-third of the Board.

Roles of Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer were originally held by Mr. Wong Chun Chau and Ms. Kwok Yin Ning respectively. Further to the retirement of Mr. Wong, the post of Chairman was vacant. The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implantation by management. The Board monitors the Group's operating and financial performance and ensures that effective governance and corporate social responsibility and policies and sound internal control and risk management systems are in place. The Chief Executive Officer oversees the overall internal operation of the Group. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable to those in the Code Provision.

Division of Responsibilities of the Board and Management

The following types of matters are reserved for the Board's approval:

(a) corporate and capital structure;

(b) corporate strategy;

(c) policies (including but not limited to those relating to corporate governance);

(d) business and management;

(e) key financial matters;

(f) appointment of Board members, senior management and auditor;

(g) remuneration of directors and senior management; and

(h) communication with shareholders and the Stock Exchange.

The matters delegated by the Board to the management's decision include:

(a) approval of extension of the Group's activities not in a material manner into a new geographical location or a new business;

(b) approval and assessment of the performance of all business units;

(c) approval of expenses up to a certain limit;

(d) approval of connected transactions not requiring disclosure under the Listing Rules;

(e) approval of the nomination and appointment of personnels other than the members of the Board and senior management;

(f) approval of press release concerning matters decided by the Board;

(g) approval of any matters related to routine matters or day-to-day operation of the Group; and

(h) matters further delegated by the Board from time to time.

Appointment, Re-election and Removal

Under article 84 of the Company's Article of Association, at each annual general meeting, not less than one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors who have been longest in office since their last re-election or appointment shall also retire by rotation.

Under code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election. The term of appointment for each of the independent non-executive Directors appointed by the Company is three years, subject to re-election and other requirements under the Company's Articles of Association, the Code and the respective letter of appointments.

Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31 March 2022, the Board held 4 Board meetings. The Company held the annual general meeting on 26 August 2021 for the year ended 31 March 2021 and two extraordinary general meetings. The table below sets out the individual attendance record of each Director at the Board meetings and general meeting during the year:

	Attendance/Number of meetings	
Name of Directors	**Regular Board meetings**	**General meetings**
Executive Directors		
Mr. Chen Jiajun	4/4	0/3
Mr. Wong Chun Chau *(Chairman)*#	4/4	0/1
Ms. Kwok Yin Ning	4/4	3/3
Mr. Mong Cheuk Wai*	1/1	1/1
Independent Non-executive Directors		
Ms. Mak Yun Chu	4/4	3/3
Mr. Hung Wai Che	4/4	3/3
Mr. Leung Siu Kee	4/4	1/3

Notes:

* Mr. Mong Cheuk Wai was appointed on 4 October 2021

\# Mr. Wong Chun Chau retired on 4 October 2021

The company secretary attended all the scheduled Board meetings to report matters relating to corporate governance, risk management, statutory compliance, accounting and finance.

Under code provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Practice and Conduct of Meetings

Code provision A.1.3 stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given. Schedules, notices and draft agenda of each meeting are normally made available to Directors in advance in accordance with code provision A.1.3.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or audit committee meeting to keep the Directors abreast of the latest developments and financial position of the Group and to enable them to make informed decisions. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also have separate and independent access to the senior management whenever necessary. With the support of the senior management, the Chairman is ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the company secretary and opened for inspection by the Directors.

Article 100 of the Company's Articles of Association requires Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Training and Continuing Development of Directors

Each Director should participate in continuous professional development to develop and refresh their skills to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

The Company has also from time to time provided the Directors with continuous update on the latest development regarding the Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have participated in appropriate continuous professional development and refresh their knowledge and skills during the year. Such professional development was completed either by way of attending briefings, conference, forum, courses and seminars and self-reading which are relevant to the business or directors' duties.

Board Committees

The Board has set up three Board committees, namely the audit committee, the remuneration committee and the nomination committee, to oversee particular aspects of the Group's affairs.

The committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

Audit Committee

The Company established an audit committee (the "Audit Committee") on 1 August 2012 which comprises all three independent non-executive Directors. The current members are Ms. Mak Yun Chu (Chairperson), Mr. Leung Siu Kee and Mr. Hung Wai Che.

The Audit Committee is governed by its written terms of reference in compliance with code provision C.3.3 of the Code. Among other things, the primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. During the year, the committee met its responsibilities in reviewing the interim and annual results for the year with the professional accounting firm engaged by the Group, which conducted regular internal audits and report to the committee.

During the year, two committee meetings were held with all the then committees members present and the Board has taken no different view in respect of the Audit Committee's recommended reappointment.

Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") on 1 August 2012 which comprises three independent non-executive Directors. The current members are Mr. Hung Wai Che (Chairperson), Ms. Mak Yun Chu and Mr. Leung Siu Kee.

The Remuneration Committee is governed by its terms of reference in compliance with code provision B.1.2 of the Code. The primary duties of the Remuneration Committee include the following:

(a) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and

(c) evaluating the performance and exercising the delegated power of the Board to determine the remuneration packages of all executive Directors and senior management.

During the year ended 31 March 2022, the Remuneration Committee met once with presence of all the eligible members for the time being and reviewed, determined and made recommendation (as the case may be) on the remuneration package of Directors of the Group.

Nomination Committee

The Company established a nomination committee (the "Nomination Committee") on 1 August 2012 which comprises all three independent non-executive Directors and one executive Director until the executive Director, Mr. Wong Chun Chau, retired on 4 October 2021. The current members are Mr. Leung Siu Kee (Chairperson), Mr. Hung Wai Che and Ms. Mak Yun Chu.

The Nomination Committee is governed by its terms of reference in compliance with code provision A.4.5 of the Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee include:

(a) reviewing the structure, size and diversity of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer's corporate strategy;

(b) nominating potential candidates for directorship;

(c) reviewing the nomination of directors and making recommendations to the Board on terms of such appointment; and

(d) assessing the independence of independent non-executive Directors.

The Company has adopted the Board Diversity Policy which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board. The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs, whether considered in terms of professional background and skills.

During the year ended 31 March 2022, the Nomination Committee met once with the presence of all members for the time being and (i) reviewed and discussed the structure, size and diversity of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group and (ii) recommended on the re-election of the retiring Directors.

Directors' and Officers' Insurance

Appropriate insurance covering on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Directors' and Auditor's Responsibilities in Respect of the Consolidated Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules and other statutory requirements.

The Directors acknowledge their responsibilities for the preparation of the accounts which give a true and fair view of the financial position of the Group and of its financial performance and cash flows for the year ended 31 March 2022.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 81 to 85.

Auditors' Remuneration

The remuneration paid/payable to the auditors of the Group for the year ended 31 March 2022 is set out as follows:

Services rendered	**Paid/payable** HK$'000
Statutory audit services	
– Elite Partners CPA Limited	900
– Other auditors	342
	1,242

Internal Controls and Corporate Governance Policies

The Board has overall responsibility for monitoring the internal control system and corporate governance of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system and developed and reviewed the corporate governance policies at least once a year to safeguard the interests of the shareholders and the assets of the Company and ensure compliance with legal and regulatory requirements by the Group. During the year, the Board has conducted a review of the effectiveness of the internal control system of the Company and reviewed the corporate governance policy documents and terms of reference of Board committees of the Company and the compliance with the legal and regulatory requirements, including the Code.

Internal Audit and Risk Management

During the Financial Year, the Group has complied with code provision C.2 of the Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis and an internal audit on the internal control and risk management systems performed on an annual basis. Main features of the risk management and internal control systems are described as follows:

Risk management system

The Group has adopted a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted for the financial year, no significant risk was identified.

Risk Management System on Money Lending Business

The money lending business is conducted by the Group's wholly-owned subsidiary, Kingkey Finance Limited, which is a licensed money lender under the Money Lenders Ordinance. Based on the existing business model, clients may apply the loans obtained from Kingkey Finance Limited for personal or corporate purposes.

The Group offers fixed-term loans to clients. The Group enters into loan agreement with its clients, which typical sets out the parties, date of the agreement, principal amount, collateral requirements, maturity date, interest period, interest rates, events of default and a summary of provisions of Part III and Part IV of Money Lenders Ordinance. Upon expiry of the initial term, loans may be renewed based on the Group's further assessment on the financial background of the client, the quality of the collaterals and any further security, the creditability of the client, the funds available to us at the time of the renewal and the prevailing market environment.

To manage the associated credit exposure from the Group's money lending business, the Group has credit assessment and internal control procedures.

The Group shall complete credit assessment for applicants for its money lending services. In assessing their creditworthiness, the Group primary focus is on the collateral and security (if any) offered as well as the applicant's background. The Group evaluate collateral according to various matrices, such as their liquidity, market value volatility and type. In addition to the collateral, the Group's credit assessment department takes into account the client's occupation, financial condition, reputation, investment purpose, securities concentration, asset proof and credit history, which facilitate the Group's assessment on the client's repayment ability. Where necessary, the Group may conduct credit search with external agencies to obtain background information and credit history of its client.

It is the policy of the Group to review the outstanding amount of each loan at least yearly or in a more frequent manner depending on individual circumstances or market condition. Impairment allowances on individual assessed accounts are determined by an evaluation of the incurred loss at balance sheet date on a case-by-case basis, and are applied to all individually significant accounts.

Other key internal controls of the Group's money lending business include (i) the credit approval process; and (ii) post-loan monitoring process.

Credit approval:

The Group's credit risk management department reviews and evaluates the credit assessment results with the documents offered in support of the loan application. Based on the Group's credit assessment and upon application by its client, the Group set the appropriate credit line for each client. The risk management approves and, where appropriate, revises the credit line extended to each client upon request and completion of internal assessment procedures.

Applicant for money lending service shall sign the loan agreement with us and issue drawdown notice within the term of the loan agreement.

Post-loan monitoring:

During the monitoring stage, the Group's credit risk management department monitors the repayment status of each loan on a monthly basis and is required to report to those charged with governance.

For secured loan, during the loan monitoring process, where the Group notice that the value of the collateral is considered to be insufficient to cover its risk exposure or that the actual loan-to-value ratio with respect to any loan advanced has reached or exceed an accepted ratio, the Group may require the borrower to deposit additional collateral and/or security, partially repay the outstanding loan or realise the value of the collateral in order to bring the loan-to-value ratio back to an accepted level.

For unsecured loan, the credit department should conduct annual review on each loan which remains outstanding and if the Group notice that there is a material deterioration in the client's financial position, the Group may require repayment from its client after reporting to its management who monitor the risk level. In the event that any client fails to respond to the Group's request as mentioned above, the Group may take appropriate legal actions for debts which have been due for a long period.

Communication with Shareholders

The Company endeavours to maintain an on-going dialogue with the shareholders and in particular to communicate with the shareholders through annual general meetings or other general meetings and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

Shareholders' Rights

Convening an extraordinary general meeting

Pursuant to article 58 of the Company's Articles of Association, extraordinary general meetings of the Company (the "EGM") shall be convened on the requisition of any one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and the EGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting enquiries to the Board

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings (AGM), the Company's financial reports (annual, interim and (if any) quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to Ms. Kwok Yin Ning, the Chief Executive Officer of the Board at the Company's principal place of business in Hong Kong by post at 902, 9th Floor, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong or by email to admin@kkgroup.com.hk. Shareholders may also directly raise questions during the shareholders' meetings.

Putting forward proposals at Shareholders' meeting

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. The request to put forward a proposal must be made to the attention of the Company Secretary within 30 days from the date of the relevant shareholders' meeting.

Investor relations

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and (if any) quarterly reports. The corporate website of the Company (http://www.kkgroup.com.hk) has provided an effective communication platform to the public and the shareholders.

Constitutional documents

There are no changes in the constitutional documents of the Company during the year.

On 23 June 2022, the Company announced proposing to amend the existing articles of association of the Company ("Proposed Amendments") and to adopt an amended and restated articles of association (the "New Articles") of the Company in order to update and bring the articles of association in line with the latest legal and regulatory requirements, including the amendments made to Appendix 3 (the "Core Shareholder Protection Standards") to the Listing Rules. In November 2021, the Stock Exchange introduced a new listing regime for overseas issuers which, covers, among others things, that all issuers are required to comply with the Core Shareholder Protection Standards. The amended Listing Rules are effective as from 1 January 2022 and the Proposed Amendments also include other updates incorporating legal and regulatory changes in both Hong Kong and the Cayman Islands. For details, please refer to the announcement of the Company dated 23 June 2022.

The Proposed Amendments and the adoption of the New Articles are subject to the approval of the shareholders by way of a special resolution at the forthcoming annual general meeting, and will become effective upon the approval by the shareholders of the Company at the annual general meeting.

Dividend policy

The company is committed to sharing the results with shareholders while striking a balance of continuous development of its business. Given the current financial condition, the possible financial resources needed for business development, the company does not expect to distribute any dividend in the near term since it intends to reserve capital for business development.

Report Overview

This Environmental, Social and Governance Report (the "Report") summarises the environmental, social and governance ("ESG") initiatives, plans and performances of Kingkey Financial International (Holdings) Limited (the "Company"), together with its subsidiaries (the "Group" or "We"), and demonstrates its commitment to sustainable development.

Approach to ESG

The core businesses of the Group are principally engaged in securities, insurance brokerage, assets management, money lending and fur business. The Group believes that sustainable practices improve our living standards and protect our community. We also recognised that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. To follow the key trends and to pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

Reporting Period

This ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 March 2022 (the "Reporting Period" or "2022").

Reporting Framework

This ESG Report has been prepared in compliance with all the applicable provisions as set out in the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") under the Appendix 27 of the Main Board Listing Rules.

Reporting Principles

During the preparation for this ESG Report, the Group has applied the reporting principles stipulated in the ESG Reporting Guide as the following:

Materiality	The materiality assessment was conducted to identify material issues during the Reporting Period, thereby adopting the confirmed material issues as the focus for the preparation of the ESG Report. The materiality of issues was reviewed and confirmed by the ESG Taskforce. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.
Quantitative	Supplementary notes are added along with quantitative data disclosed in the ESG Report to explain any standards, methodologies, and sources of conversion factors used during the calculation of emissions and energy consumption.
Consistency	The preparation approach of this ESG Report was substantially consistent with the previous year, and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies.

Reporting Scope and Boundary

This ESG Report mainly covers the Group's ESG performance of its offices in Hong Kong and the Mink Farms in Denmark, representing major revenue activities under direct management control which include the provision of securities trading, insurance brokerage, assets management, money lending and fur business.

Board Statement – The ESG Governance Structure

Oversight of ESG Issues

The board of directors (the "Board") holds the ultimate responsibility for monitoring the Group's ESG issues, including ESG management approach, strategy, and policies. To better manage the Group's ESG performance and identify potential risks, the Board conducts materiality assessment where necessary with the assistance of the ESG taskforce (the "Taskforce") to evaluate and prioritise material ESG-related issues with reference to the opinions of our stakeholders. The Board sets up a general direction for the Group's ESG strategies, ensuring the effectiveness in the control of ESG risks and internal control mechanisms.

ESG Taskforce

The Group has established an ESG Taskforce (the "Taskforce"). This Taskforce comprises core members from different departments and is responsible for collecting relevant information from our ESG aspects for preparing the ESG Reports. This Taskforce reports to the Board, and assists in identifying and evaluating the Group's ESG risks and the effectiveness of the internal control mechanisms. This Taskforce also examines and evaluates our performances in different ESG-related goals and targets such as environment, health and safety, labour standards and product responsibilities. Following the direction set by the Board, the Taskforce ensures the execution of various ESG-related strategies and policies.

Stakeholder Engagement

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. In order to understand and address their key concerns, the Group has maintained close communication with its key stakeholders. The Group takes stakeholders' expectations into consideration in formulating its businesses and ESG strategies by utilising diversified engagement methods and communication channels are shown below:

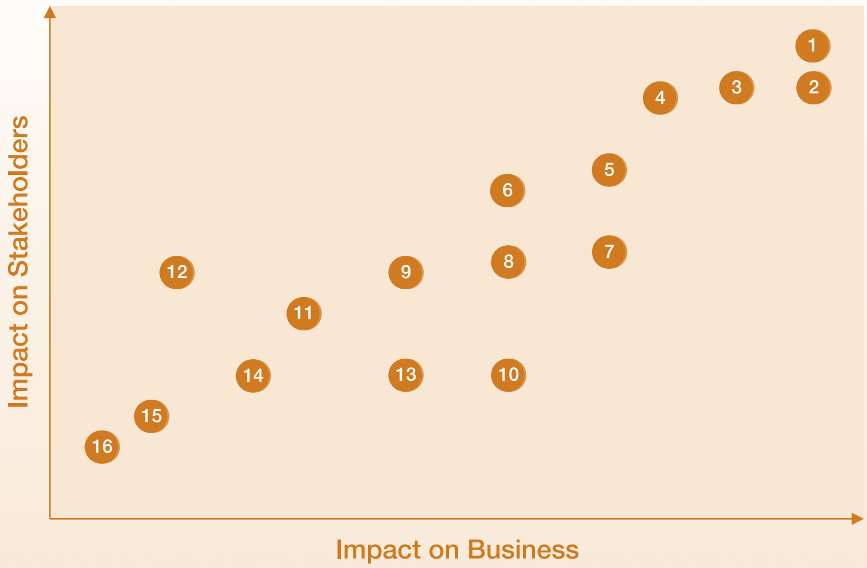
Stakeholders	Communication channels	Expectations
Investors and Shareholders	• Financial reports • Announcements and circulars • Annual general meetings and extraordinary general meetings • Company website	• Corporate governance • Return on investment • Business compliance • Risk management
Customers	• Customer service hotline • Email • After-sales services	• High-quality products and services • Protect customers' right • Business ethics
Employees	• Assessment of work performance • Means for employees to express opinions (e.g. opinion form and suggestion box) • Regular meetings and management communication (e.g. email and telephone)	• Employees' compensation and benefits • Health and safety working environment • Career development
Suppliers	• Regular assessment of suppliers' performance	• Sustainable supply chain • Fair and open tendering • Business relationship
Community and the Public	• Community events • ESG reports • Media	• Involvement in communities • Business compliance • Environmental protection awareness
Regulatory Bodies and Government Authorities	• Company secretary • Compliance manager	• Compliance with laws and regulations • Support economic development • Environmental protection • Contribution to society

The Group aims to collaborate with its stakeholders to improve its ESG performance and create greater value for the wider community on a continuous basis.

Materiality Assessment

The ESG Taskforce of the Group has participated in the preparation of this ESG Report by assisting in reviewing the Group's operations and identifying relevant ESG issues and assessing the importance of related matters to the Group's businesses and stakeholders. Based on the material ESG issues identified, a data collection questionnaire has been prepared to collect information from the relevant stakeholders of the Group. In 2022, the result of the assessment is as below.

Materiality Assessment



No.	Material Issues	No.	Material Issues
1	Protection of Data Privacy	9	Community Investment
2	Anti-money Laundering and Counter-terrorist Financing	10	Prevention of Child and Forced Labour
3	Anti-corruption	11	Supply Chain Management
4	Customer Service	12	Climate Change & Greenhouse Gas Emissions
5	Employment Practices	13	Energy Consumption
6	Health and Safety	14	Waste management
7	Protection of Biodiversity and Nature	15	Air Emissions
8	Development and Training	16	Animal Rights

The Group reviewed the materiality assessment results and considered that the said result is applicable to the Group. The Group will continuously monitor the Group's business operations compared with its ESG performances.

Forward-Looking Statements

This Report contains forward-looking statements which are based on the current expectations, estimates, projections, beliefs, and assumptions of the Group about the businesses and the markets in which it and its subsidiaries operate. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties, and factors beyond the control of the Group. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this Report.

Endorsement and Approval

This Report was compiled, endorsed by the ESG Taskforce and approved by the Board.

Feedback and Contact Us

The Group welcomes all feedback and opinions from its stakeholders. Any of the feedback is cherished and incorporated into operation strategy wherever it sees appropriate and considered as the cornerstone for development. If you have any advice or suggestions, welcome you to contact us by email at admin@kkgroup.com.hk.

A. ENVIRONMENTAL

The Group attaches great importance to good environmental management in order to fulfil its social responsibilities. The Group has formulated relevant practices to regulate greenhouse gas emissions and wastes generated during operations, so as to contribute to environmental protection, reduce carbon emissions, and achieve the goal of long-term sustainable development.

2030 Environmental Targets

To support global efforts to address climate change and to facilitate the assessment of the effectiveness of the Group's strategies and measures to mitigate the impacts of climate change, environmental objectives are set at the Group level as follows:

The target of reducing intensity by 2030, using 2021/2022 as a base year:

Electricity consumption	Water consumption	Non-hazardous waste	Greenhouse gas emissions
↓ 4%	↓ 5%	↓ 10%	↓ 10%

By setting these targets, it guides the Group's business strategy. The steps taken to achieve these goals are detailed below in each corresponding section.

A1. Emissions

The Group is fully aware of its responsibilities towards the potential direct and indirect negative environmental impacts associated with its business operations. The Group adheres to good environmental management and strives to protect the environment to fulfil its corporate social responsibility.

To minimise the adverse impact caused by our operations, the Group has designated ESG Taskforce to coordinate and implement environmental protection measures and objectives and address environmental issues. The Group has formulated an ESG policy in order to direct and implement the measures taken to protect the environment. Also, the Group is committed to raising employees' awareness of environmental protection.

During the Reporting Period, the Group is not aware of any material non-compliance with environmental laws and regulations relating to air and Greenhouse Gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant adverse impact on the Group including but not limited to the Air Pollution Control Ordinance, the Waste Disposal Ordinance, the Water Pollution Control Ordinance of Hong Kong and the Environmental Protection Act of Denmark.

Air Emissions

Due to the Group's business nature, the Group did not generate a significant amount of air emissions directly during its operations. The Group did not own any motor vehicles and the Group's operation in Hong Kong is office-based. Moreover, the Mink farms in Denmark, due to some minks testing positive for COVID-19, were closed down by Denish Government.

Accordingly, the Group considers that air emissions generated by the Group in FY2022 were immaterial. Nevertheless, the Group has established measures relating to the reduction of air emissions. Relevant measures will be described in the section headed "GHG Emissions" under this aspect.

GHG Emissions

As described above, the consumption of electricity at the offices is the major source of GHG emissions of the Group. For Scope 1 direct GHG emissions, due to the close down of mink farms, no petrol and diesel consumption was recorded in 2022. The total GHG emissions have decreased from 149.80 tCO_2e to 111.05 tCO_2e, representing a 25.9% decrease compared with last year.

The Group's GHG emissions performance was as follows:

Indicators[1]	Unit	FY2022	FY2021
Direct GHG emissions (Scope 1)			
– Petrol and diesel consumption	tCO_2e	–	21.64
Energy indirect GHG emissions (Scope 2)			
– Electricity consumption	tCO_2e	111.05	128.16
Total GHG emissions	tCO_2e	111.05	149.80
Total GHG emissions intensity[2]	tCO_2e/employee	1.61	1.97

Remarks:

1. GHG emissions data is presented in tonnes of carbon dioxide equivalent and was in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the "Sustainability Report 2021" published by the Hong Kong Electric Investments Limited, the "2021 Sustainability Report" published by the CLP Power Hong Kong, and "Global Warming Potential Values" from the IPCC Fifth Assessment Report (AR5), 2014 and en.energinet.dk, owned by the Danish Ministry of Climate and Energy.

2. As of 31 March 2022, the Group had a total of 69 full-time employees (2021: 76 full-time employees). The data is also used for calculating other intensity data.

The principal GHG emissions of the Group were generated from the purchased electricity (Scope 2). The Group actively adopts electricity conservation and energy-saving measures and will be described in "A2. Use of Resources – Energy Consumption". In order to achieve the 2030 target, nevertheless, the Group still focuses on nurturing and strengthening the employees' awareness of environmental protection in their daily work processes, and actively implements the Group's environmental protection measures, thereby minimising carbon footprint.

Sewage Discharge

Due to the Group's business nature, we do not consume a significant volume of water in our business activities, and therefore our business activities did not generate a material portion of discharges into water. The majority of the water supply and discharge facilities are provided and managed by the property management company.

Waste Management

The Group adheres to waste management principles and strives to properly manage and dispose of wastes produced by our business activities. The Group has formulated an "Environment and Waste Management plan". The wastes management plan is recommended to minimise potential adverse impacts associated with solid waste, chemical waste, general refuse and wastewater arising from the construction and operation of the Group.

The various waste management options can be categorised in terms of preference from an environmental viewpoint as follows:

- Avoidance and minimisation (i.e. avoiding or not generating waste through changing or improving processes, practices and design).
- Reuse of materials, thus avoiding disposal (generally with only limited reprocessing).
- Recovery and recycling, thus avoiding disposal (although some form of reprocessing is usually required).
- Treatment and disposal, according to relevant laws, guidelines and good practice.

Our waste management practice has complied with the relevant laws and regulations relating to environmental protection.

Non-hazardous waste

The non-hazardous wastes generated by the Group's operations mainly consist of paper and general waste.

Indicators	Unit	2022	2021
Total non-hazardous waste produced			
– Paper disposal	tonnes	4.86	2.62
Non-hazardous waste intensity	tonnes/employee	0.07	0.03

To reduce paper consumption, we encourage our employees to:

- Reuse envelopes and folders for sending internal documents and letters
- Use double-side printing
- Adopt electronic filing and electronic meeting

The Group continuously monitors the consumption volume of paper and encourages staff to think twice before printing. The Group's office has also provided suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives of mitigating wastes, reusing and recycling in its operations. The Group maintains a high standard in waste reduction and educates our employees on the significance of sustainable development.

In order to achieve the 2030 environmental target, the office has implemented various programs and activities to encourage employees to participate in waste reduction management, including:

- Promote green information and electronic communication, such as e-mail and electronic workflows;
- Encourage a paperless working environment;
- Place "Green Message" reminders on office equipment;
- Recommend the use of recycled paper.

Moreover, the procurement and disposal of office supplies serve as another focus of our operational sustainability efforts. The office supplies has great hidden environmental and social impacts arising from its production, use and disposal. We have launched the following measures to reduce its impacts:

- Maximise office supplies lifespan (such as file box, plastic binding ring, paper clip, etc.) by searching for opportunities to reuse and refurbish them internally whenever feasible;

- Purchase reusable stationery whenever possible, such as refillable rollerball pens and correction type paper; and

- Avoid single-use disposable items.

Hazardous waste

Due to the office-based operation and close down of mink farms in Denmark due to COVID-19, the Group did not produce hazardous wastes (such as chemical wastes) during our operation. The Group has established guidelines which detail the steps in governing the management and disposal of hazardous wastes. In case there are any hazardous wastes produced, the Group will engage a qualified waste collector to collect and process the waste.

A2. Use of Resources

The Group continues to introduce resource efficiency and eco-friendly measures to the Group's operations and is committed to optimising the use of resources in all of our business operations. During our operation, water and electricity are consumed. The Group has established relevant policies and procedures in governing the efficient use of resources. These policies have applied the waste management principles of 4Rs, "Reduce", "Reuse", "Recycle" and "Replace" as well as the emission mitigation principle, with an objective of achieving higher energy efficiency and reducing the unnecessary use of resources.

Energy Consumption

Due to the business nature of the Group, the energy consumption is considered relatively low. As mentioned in A1 – Emissions, the Group has formulated policies and procedures relating to environmental management which includes energy management. Electricity consumption accounted for a major portion of the GHG emission for the Group. Due to the close down of mink farms and no vehicles owned by the Group, no direct energy consumption (Unleaded Petrol, Diesel) was recorded in FY2022.

The Group's energy consumption performance is as follows:

Indicators	Unit	FY2022	FY2021
Direct energy consumption			
Unleaded Petrol	kWh	–	–
Diesel	kWh	–	88,537
Indirect energy consumption			
Purchased electricity	kWh	255,143	288,277
Total energy consumption	**kWh**	**255,143**	**376,814**
Total energy consumption intensity	**kWh/employee**	**3,698**	**4,958**

The Group has adopted the following energy-saving measures to improve the energy efficiency performance, including but not limited to:

- Encourage employees to turn off idle equipment, computers and lighting, when not in use or after working hours;
- Utilise natural light where possible;
- Adopt power-saving features for office equipment and computers;
- Procure energy-efficient appliances only upon replacement of old appliances or due to new business needs.

By adopting different energy conservation measures, the Group believes it has set a role model for corporate social responsibility. More importantly, the Group strives to reduce costs by reducing electricity consumption in the workplace in long run.

Water Consumption

The Group does not consume a significant amount of water in its financial service due to its business nature. Water was mainly consumed for basic cleaning and sanitation. Since the water consumption of these offices is included in the property management fee, the water consumption is therefore not included in this Report.

The majority usage of water was from the mink farms in Denmark. Due to the close down of mink farms in Denmark by the government, the water usage dropped significantly during the Reporting Period.

Indicators	Unit	FY2022	FY2021
Water consumption	Cubic metres	4,758	49,952
Water consumption intensity	Cubic metres/employee	69	657

Regardless of limited water consumption, in order to achieve the 2030 environmental targets, we still promote behavioural changes at the office and encourage water conservation. Pantry and toilets are posted with environmental messages to remind the employees of water conservation, which results in enhancing our employees' awareness of water conservation.

Due to the Group's business nature and geographical region which our operation is mainly based in Hong Kong, the issue of sourcing water that is fit for purpose is not relevant to the Group.

Use of Packaging Materials

Due to the Group's business nature, it does not consume a significant amount of packaging materials, and thus the use of packaging materials is immaterial.

A3. The Environment and Natural Resources

The Group pursues the best practices in environmental protection and is aware of any impact of the Group's businesses on the environment and natural resources. In addition to complying with the relevant environmental laws and regulations as well as preserving the natural environment, the Group has integrated environmental protection into its business strategy and daily operations, with the aim of achieving environmental sustainability.

Close of mink farms due to some minks testing positive for COVID-19

The Danish government ordered all Danish mink farmers to cull and pelted all the minks including breeders in Denmark because minks were found to have carried the COVID-19 virus. For the past years, the Group have put tremendous effort into conserving the natural resources in the process of mink farming and endeavours to create a sustainable supply chain. The Group keeps close monitoring of the Denish government's latest policy on minks breeding.

Indoor Air Quality of Hong Kong offices

Indoor air quality in our workplace is regularly monitored and measured. By conducting regular cleaning of the air conditioning system, we managed to maintain good indoor air quality and filter out pollutants, contaminants and dust particles.

A4. Climate Change

The Group is aware of the threat posed by climate change and is actively in doing its part by offsetting its carbon footprint. The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore closely monitors the potential impact of climate change on our business and operations and is committed to managing the potential climate-related risks which may impact the Group's business activities.

In accordance with the reporting framework developed by the Task Force on Climate-related Financial Disclosures ("TCFD"), there are two major categories of climate-related risks, physical and transition risks. The Group has implemented risk management exercises in identifying and mitigating climate-related risks.

Physical Risks

The increased frequency and severity of extreme weather events such as typhoons, storms, heavy rains, and extreme cold or heat bring acute and chronic physical risks to the Group's business. The Group's productivity will be reduced under extreme weather events as the safety of our employees is threatened and the power grid or communication infrastructures might be damaged, which exposes the Group to risks associated with non-performance and delayed performance, leading to a direct negative impact on the Group's revenue.

To minimise the potential risks and hazards, the Group has established mitigation plans, including flexible working arrangements and precautionary measures during bad or extreme weather conditions. The Group will explore emergency plans to further reduce the vulnerability of our installations to extreme weather events to enhance business stability.

Transition Risks

To achieve the global vision of carbon neutrality, the Group expects the evolution of the regulatory, technological and market landscape due to climate change, including the tightening of national policies, the emergence of environmentally related taxes, and the shifting of customer preference to an eco-friendlier resorts operation.

In response to the policy and legal risks as well as the reputation risks, the Group constantly monitors any changes in laws or regulations and global trends on climate change to avoid cost increments, non-compliance fines or reputational risks due to delayed response.

The Group keeps continuously monitoring the various impacts of climate change and its impact on our businesses.

B. SOCIAL

B1. Employment

The Group considers employees as the most valuable resource and believes that they are the Group's greatest asset. Employees' expertise, capability, loyalty and contribution are the most essential elements that lead to the success of the Group. In this regard, the Group wishes to retain its employees by providing a caring, safe, and positive working environment. The Group has created the Employee Handbook which covers recruitment, compensation, promotion, working hours and rest periods, dismissals, diversity and equal opportunity, etc. The Group periodically reviews these policies and employment practices to ensure continuous improvement of its employment standards and stay competitive in the industry.

The Group strictly complies with the relevant laws and regulations in Hong Kong, including but not limited to the Employment Ordinance of Hong Kong, the Salaried Employees Act and other related labour regulations in Denmark.

During the Reporting Period, the Group is not aware of any material non-compliance with employment and labour practices related laws and regulations that would have a significant adverse impact on the Group.

Recruitment, Promotion and Remuneration

The Group recognises the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. The Group hires employees in an open and transparent manner. In the recruitment process, it standardises the hiring procedures and recruitment principles of fairness and equality. All candidates are offered equal opportunity, regardless of their gender, race, age or any other demographic characteristics.

Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. Remuneration packages include holidays, annual leave, medical scheme, mandatory provident fund and discretionary bonus. The promotion of the Group's employees is subject to review annually. The Group has established objective performance indicators for annual performance evaluation. The Supervisor will discuss with the employee in his/her performance in facilitating an effective 2-way communication for advancement. Based on the evaluation result, we offer rewards to the employees in encouraging continuous improvement.

Working Hours and Rest Periods

The Group has formulated policies for determining the working hours and rest periods for employees following local employment laws. The Group has specified the arrangement regarding employees' working days and hours in the Employee Handbook and no tolerance for forced labour. The Group recognises the importance of maintaining a healthy lifestyle and work-life balance for its employees. To achieve a work-life balance, the Group does not encourage employees to work overtime. All overtime working is on a voluntary basis and is subject to appropriate overtime allowance. The Group actively engages its employees through employee bonding, outing, volunteering activities and charity events. The Group also allows employees to leave work early on festivals for celebrations.

Equal Opportunity, Diversity and Anti-discrimination

The Group is dedicated to providing equal opportunities in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. The Group's Staff Handbook outlines the terms and conditions of employment, the expectation for employees' conduct and behaviours, and employees' rights and benefits. We have established and implemented policies that promote a harmonious and respectful workplace. With the aim of ensuring fair and equal protection for all employees, the Group has zero tolerance for sexual harassment or abuse in the workplace in any form.

Employees could resort to the Human Resources Department in case of any harassment or discrimination, the department head will give advice to deal with the situation and an investigation may be carried out. The Group strives to ensure that complaints, grievances and concerns are dealt with promptly and confidentially. Appropriate disciplinary actions ranging from an apology, warning, or summary dismissal will be taken if the case is later substantiated.

Compensation and Dismissal

The Group actively recruits and attracts talents and provides fair and competitive compensation. Employees' salaries and year-end bonuses are determined based on factors such as qualifications, work performance, performance appraisal results and market trends. In addition, the Group is committed to providing different career development pathways for its employees.

The Group has no tolerance for unfair dismissals and makes sure the dismissal procedure is fair and open. The Group has formulated the procedures and conditions of dismissal in the Employee Handbook.

As of 31 March 2022, the Group's employee size breakdown was as below:

	FY2022	FY2021
Total number of employees	69	76
By Gender		
Male	32	37
Female	37	39
By Age		
Below 30	5	4
30–50	57	68
Above 50	7	4
By Geographic Area		
Hong Kong	67	70
Denmark	2	6
By Employment Type		
Full-time	68	76
Part-time	1	0
By Employment Category		
Senior Management	11	5
Middle Management	25	28
General Staff	33	43

During the Reporting Period, the Group recorded a turnover rate of 49.7%. The table below shows the employee turnover rate breakdown by gender, age group and geographical region:

Employee Turnover rate (%)[3]	FY2022	FY2021
Gender		
Male	44%	59%
Female	55%	64%
Age group		
Below 30	111%	111%
30–50	42%	42%
Above 50	91%	25%
Region		
Hong Kong	47%	42%
Denmark	100%	91%

Note 3: Turnover rate is calculated by the number of employees left during the Reporting Period/((Beginning + ending number of employees)/2) x 100%

B2. Health and Safety

The Group highly values employees' health and safety and is always committed to providing employees with a healthy, safe, and comfortable working environment. The Group has formulated the Health and Safety Policy. The aim of the policy is to reduce the occupational safety hazards encountered by employees at work by establishing a safety management structure.

The Group strictly complies with the relevant laws and regulations in Hong Kong and Denmark, including but not limited to the Occupational Health and Safety Ordinance of Hong Kong and the Health Act of Denmark. During the Reporting Period, the Group is not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant adverse impact on the Group.

No work-related fatalities happened during the past 3 consecutive years

Fiscal Year	Unit	FY2022	FY2021	FY2020
Fatalities due to work	Cases	0	0	0

Fiscal Year	Unit	FY2022	FY2021
Work injury cases	Case(s)	0	0
Lost days due to work injury	Days	0	0
Work injury rate	%	0%	0%

Note: Work injury rate is calculated by no. of work-related injury cases recorded/number of employees x 100%

Safety Measures in offices

The Group is responsible for monitoring and reviewing the safety and security management periodically. To safeguard the health and safety awareness of its staff, a guidance note is given on fire precautions to reduce the risk of fire and evacuation in case of emergency. A detailed escape route and layout of the offices are posted in a noticeable place to prepare employees for the emergency. The offices are also equipped with adequate firefighting equipment in case of fire. The Group also conducted regular fire inspection to prevent blockage of the escape route and ensure the fire equipments was in perfect shape. A fire drill is arranged by the estate management office regularly.

The Group considers that a comfortable working environment is crucial to maintaining employees' health mentally and physically. Proper lighting and ventilation are ensured; first aid boxes are available at easily accessible locations. The Human Resources Department is responsible for ensuring that the supplies inside the first aid boxes have not expired and remain functional.

COVID-19 Preventive Measures

Due to the COVID-19 outbreak, the Group is cautious about safeguarding the health and safety of its employees. To reduce the risk of human-to-human transmission, a work-from-home arrangement has been arranged. All visitors and employees are required to take their temperature before entering the Group's premises. Employees are also reminded to maintain personal hygiene while more sanitising and cleaning products such as masks, hand sanitiser and sanitising wipes are available in the office.

B3. Development and Training

The Group regards its talent as the most important asset and resource. The Group recognises the valuable contribution its talents made to the continuing success of the Group. This is achieved through their development of the talents by a well-planned training strategy that creates values and caters to their need.

The Group understands that training and development programmes are indispensable to its talents in keeping abreast of the latest trend in the finance industry and the dynamic pace in the current domestic market. In light of this, the Group holds regular training, development programmes and training sponsorship for its employees.

During the Reporting Period, the Group has achieved a 30% overall training rate and a total training hour of 129 hours. The table below shows the employee training data by gender and employee category:

	Percentage of employees trained (%)	Average training hours (hours)
Gender		
Male	34%	5.73
Female	27%	6.60
Employee Category		
Senior Management	27%	5.00
Supervisor	36%	8.89
General Staff	15%	6.00

B4. Labour Standards

Prevention of Child Labour or Forced Labour

The Group respects human rights and strictly prohibits the use of child labour or forced labour in our operations. Below measures have been taken to avoid the child and forced labour.

Prevention of child labour	During the recruitment process, the human resources department will verify the applicant's identity documents and ensure that they have reached the minimum age (18 years old or above) for employment.
Prohibition of forced labour	The Group specifies overtime compensation provisions in the Employee Handbook. The Group carefully monitors the employee working time and working schedule to ensure they work voluntarily and freely.

In case any child or forced labour is discovered, the Group will stop all the work of the identified child or forced labour immediately. An investigation will be carried out subsequently to find out the reasons and revise the employment management practices whenever possible to plug the loophole.

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, that would have a significant impact on the Group including but not limited to the Employment Ordinance of Hong Kong and the Children Act of Denmark.

B5. Supply Chain Management

Suppliers' Evaluation and Assessment

The Group has formulated standard procedures for selecting suppliers. The Group expects to have long-term cooperation relationships with suppliers so as to develop sustainably together and take initiatives of innovation. The Group has always been conducting procurement with the principles of openness, fairness and equitability. The Group has established a rigorous and standardised procurement system and a systematic supplier selection process, while imposed with the relevant environmental and social risk control requirements on suppliers.

Supply Chain of Fur Trading Business

For the fur trading business, the Group takes serious concern in monitoring the workflow of the fur supply chain to ensure that there is no non-compliance issue in both Hong Kong and Denmark. Animal rights and ethical issues are two of the most important consideration factors when selecting suppliers. The Group only selects reputable mink suppliers who refrain from sourcing minks from untraceable and questionable sources. The Group periodically evaluates and monitors the performance of its suppliers to ensure that they are in compliance with service standards, contract conditions, and quality provisions. Should their services fall below the agreed standard, the contract will be terminated.

The Group also strictly abides by the Code of Practice for the Care and Health of Farmed Mink, Fitch and Fox in Europe issued by the European Fur Breeders' Association and relevant Danish legislative provisions. The Group places great emphasis on the killing method adopted by the slaughterhouse and the auction house. Should there be any reported cases of mistreatment or unethical killing, the partnership will be terminated immediately. Apart from the government inspection, the European Fur Breeders' Association conducts biannual inspections at the farms.

Apart from abiding by the laws and regulations on animal welfare in Denmark, the Group is also in compliance with the Protection of Endangered Species of Animals and Plants Ordinance of Hong Kong.

Green Sourcing

The Group is aware of the environmental and social practices of the suppliers and tries to engage suppliers with responsible acts to society in view of green sourcing. The Group is committed to selecting environmentally friendly products with competitive prices and good quality, in order to safeguard end-users' health and safety, prevent pollution and efficiently use natural resources. The Group requires all departments to consider environmental factors and search for products with higher recycled content, greater durability or greater water and energy efficiency.

During the procurement process, the Group prioritises local suppliers and environmentally friendly products and services, hoping to reduce the carbon footprint caused by procurement via local procurement, while supporting local economic development and creating employment opportunities for local communities. In addition to environmental factors, the Group will also adopt measures to monitor whether its suppliers or contractors comply with relevant environmental and social laws and regulations or meet other standards in terms of health, safety, forced labour and child labour.

Suppliers Distribution By Geographic Region

Location	No. of Suppliers
Hong Kong	30
Denmark	2

B6. Product Responsibility

Customers' satisfaction is the Group's foundation for sustainable development. The Group is committed to providing the highest quality of service to its customers. We aim to customise our solutions based on the unique needs of customers, in delivering sustainable value and fostering a long-term relationship with our customers.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations that would have a significant impact on the Group, including but not limited to the Trade Descriptions Ordinance and the Personal Data (Privacy) Ordinance of Hong Kong, concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress.

Quality Assurance

The Group has formulated a Quality Assurance Policy. The Group has an extensive quality assurance process in place to ensure that the products and services are in compliance with relevant local laws and regulations. The Group regularly reviews and updates its quality control standards to comply with the latest laws and regulations. To provide quality financial services to our customers, the Group has obtained all relevant licenses and permits that are material to our operation in Hong Kong, including but not limited to SFC type 1/4/9, the license from the Insurance Authority, registered intermediaries for MPFA and the Money Lending License. The Group also keeps track of the expiry dates of relevant licences and timely applies for renewal. For the mink farm business, the farms have already obtained the relevant permits required.

Complaint Channel

Customers' feedback and opinions are exceptionally valuable to the sustainable development of the Group since they also provide the Group with insight and motivation to improve. The Group actively listens to and responds promptly to the feedback shared by its customers. If the Group receives any complaints, its compliance officer will investigate the complaint and subsequently submit a report to the management for review, meanwhile, appropriate actions will also be taken. The Group commits to responding to enquiries in a timely manner and ensures that the complaints are handled properly.

During the Reporting Period, the Group was not aware of any cases where products sold or shipped were subject to recalls for safety and health reasons, and no major complaints about products and services were received.

Safeguarding Customer Assets

Subsidiaries of the Group have licensed corporations and are regulated under the SFC with licenses 1/4/9. As a custodian of customers' assets, we implement the necessary controls to properly handle and safeguard customers' assets according to relevant laws and regulations.

Segregated accounts are maintained in keeping customers' assets. Transactions are executed only when customers' consent is received, or customers' obligation is required to be met on agreed contracts. An adequate audit trail is maintained to enable proper control. Regular compliance reviews and audits are conducted to detect any non-compliance with regulatory requirements. Any irregularities should be immediately reported to the Management and the relevant authorities.

Protection of Consumers' Information and Data Privacy

In respect of customer personal data and confidential documents, the Group handles them strictly following the guidance of the Office of the Privacy Commissioner for Personal Data of Hong Kong. During the Reporting Period, the Group did not receive any significant complaint regarding the breach of customer's privacy.

Protection of Intellectual Property Rights

Intellectual Property Rights promote innovation and creativity, helping society to increase its competitiveness and to improve the well-being of humans. The Group respects Intellectual Property Rights and formulated procedures and guidelines to ensure our operations at all levels in the fight against intellectual property infringement.

Advertising and Labelling

Given the Group's business nature, the advertising and labelling issues and their related risks are considered to be immaterial to the Group.

B7. Anti-corruption

The Group strives to achieve high standards of ethics in our business operations. Fraudulent events such as corruption, bribery and collusion are strictly prohibited. The Group has zero tolerance for any corruption-related cases.

The Group has formulated the Compliance Manual and internal control systems governing anti-corruption. The Group prohibits the solicitation, acceptance or offer of any advantages by employees from or to any parties. Employees should comply with the rules stated in performing business activities, and they should report to the management if they suspect any professional misconduct.

During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance of Hong Kong and the Danish Criminal Code.

There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

Whistle-blowing Mechanism

The Group adopts a whistle-blowing policy and procedures for all levels and operations. Staff can raise concerns about possible improprieties such as fraud, deception, theft, forgery, corruption, misconduct and any malpractice in any matter related to the Group.

Reports and complaints received will be handled in a prompt and fair manner. Any employee found to violate our anti-corruption and bribery policies will be dismissed. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions.

Anti-corruption Training

Anti-corruption-related trainings is conducted annually. During the Reporting Period, all directors and staff have received anti-corruption training and have spent approximately 1 hour studying the circulated anti-corruption materials published by ICAC. The awareness of the anti-corruption of the Group has been enhanced.

B8. Community Investment

Community Investment is an essential part of the Group's strategic development. The Group is committed to supporting the community by means of social participation and contribution. Our area of contribution is to support local sports development and the education sector. We also focus to inspire our employees toward social welfare concerns. We believe that by participating in these activities that contribute to the community, our staff could build positive value and be socially responsible citizens. During the Reporting Period, the Group has made charity donations of HKD19,000.

The Group actively joined the event "Yan Oi Tong Bubble Soccer Charity Match" organized by "Yan Oi Tong". Under the COVID-19 pandemic, the Group is more committed to promoting healthy life, hoping to encourage citizens to enjoy the fun of sports through emerging sports such as bubble football, and develop regular exercise habits for health awareness. The first runner-up of the Match was won by the "Kingkey Privilege Wealth Management Team" which is composed of our employees. Our team player has also been awarded the "Most Valuable Player" of the Match.

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Our Group sponsored the charity event "Reading Dream Foundation 閱讀 • 夢飛翔 Charity Dinner 2021". The charity fund aims to promote the construction of efficient campus culture in rural China. The distribution of educational resources in mainland China is uneven, and some rural areas still have inadequate educational resources and outdated educational concepts. Therefore, improving the quality of education is very important for the development of those students living in rural areas. The charity fund believes that only when these rural schools become more efficient and able to provide quality education, those underprivileged students can then truly have the opportunity to change their destiny by reading and learning.

商界展關懷 caringcompany® 2018-22
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

During the Reporting Period, our Group was honoured to have been recognised as of the city's Caring Company by The Hong Kong Council of Social Service (HKCSS).

HKCSS is a non-governmental social service organisation based in Hong Kong that promotes social responsibility and good corporate citizenship. HKCSS has established its Caring Company Scheme for over 20 years, accrediting over 4,000 enterprises and organisations in Hong Kong for their efforts in incorporating social concerns and environmental protection in their business operations.

This fully reflected that our Group has incorporated elements of social concern and environmental protection in our business operation and worked towards alleviating social problems.

The ESG Reporting Guide Content Index of The Stock Exchange of Hong Kong Limited

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – Waste Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical risks, Transition risks

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Period.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Safety Measures in offices

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category.	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Suppliers' Evaluation and Assessment
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Green Sourcing
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Green Sourcing

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Quality Assurance
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility – Quality Assurance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Protection of Consumers' Information and Data Privacy

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Anti-corruption Training
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

The Directors are pleased to present their annual report together with the consolidated financial statements of the Company for the year ended 31 March 2022.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 44 to the consolidated financial statements.

Segmental Information

The Group's segment information and revenue for the year ended 31 March 2022 are set out in Note 6 to the consolidated financial statements.

Business Review

A review of the business of the Group during the year are provided in the section headed "Business Review" on pages 3 to 5 of this annual report. An analysis of the Group's performance during the year using key financial performance indicators are provided in the section headed "Financial Review" on pages 6 to 12 of this annual report.

Principal Risks and Uncertainties

The Group's business risks are mainly (i) the COVID-19 pandemic; (ii) global economic condition; (iii) currency risks; and (iv) customer's appetite on mink and fur. The securities and other financial services businesses, insurance brokerage and money lending are subject to the sentiment and conditions of the equity markets in Hong Kong as well as the compliance risk for licensees activities.

Contingent Liabilities

During the year ended 31 March 2022, there were no contingent liabilities noted by the Directors.

Environmental Policies and Performance

The Group has long considered environmental protection and energy conservation as one of its key priorities in order to enhance the sustainable development and raise its relative social responsibility to its stakeholders. For details, please refer to the section "Environmental, Social and Governance Report" set out in this annual report.

Compliance with Relevant Laws and Regulations

During the year ended 31 March 2022, the Board was not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Group.

Relationships with Employees, Customers and Suppliers

The Company understands the importance of maintaining a good relationship with employees, customers and suppliers as they are the foundation of the Group's success.

Employees

The Company strictly complies with all the applicable rules and regulations in relation to employment, to name a few, the Labour Ordinance, Mandatory Provident Fund Ordinance and Personal Data (Privacy) Ordinance, etc. The Group has purchased all necessary insurance and made monthly contributions for its staff and has measures in place endeavoured to protect all staff's personal information. There are channels for staff to express their opinions with regard to their work. Moreover, the Group also strives to provide a safe, healthy and harmonious workplace with fair and equal opportunities for staff of both gender.

Customers

The Group highly values the relationship with its customers and has been emphasising the philosophy of fair dealing. As a result, it has won the loyalty of its customers and established a long-term relationship with them. The Group has, from time to time, sought feedbacks from its customers on the goods and services it provides with a view to improve its service quality continuously.

Suppliers

The Group has also established a long-term relationship and mutual trust with suppliers to ensure the quality and stability of supply of goods. Furthermore, the Company has measure in place for anti-bribery.

Results and Dividends

The results of the Group for the year ended 31 March 2022 and the financial position of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 86 to 199. The Directors do not recommend the payment of final dividend for the year ended 31 March 2022 (2021: Nil).

Summary of Financial Information

A summary of the published results and assets and liabilities of the Group for the five financial years ended 31 March 2022, as extracted from the consolidated financial statements in the previous and current annual reports of the Company, is set out on page 200 of this annual report. This summary does not form part of the consolidated financial statements.

Prospects and Development

Although the fifth wave COVID-19 outbreak has passed its peak, Hong Kong is still facing several problems. Firstly, the cross-border economic activities are still substantially disrupted by the pandemic in the mainland China. Secondly, the Hong Kong's financial markets remain sluggish that financial service industry is still experiencing its business trough. Finally, in the face of the unexpectedly high inflation in the United States, the Federal Reserve is poised to be more aggressive in increasing the interest rates that under the exchange rate peg system, Hong Kong's monetary system will inevitably be affected, further shattering the Hong Kong's economy as well as the Group's business.

With the Ukraine war still going on, the fur business has been hit very hard as there is literally no fur garment shipping to the Russian market so far this year. Even though our farms' mink skins are enjoying a very healthy profit, the quantity of our mink skins being sold in the Kopenhagen Fur auction will not be as many as past previous years. However, our company will be using the best Danish lawyers to represent us in negotiating with the Danish government for our farms' compensation because they forbid us in farming minks in 2022 and 2023. The continuance of this business segment largely depends on whether the Danish government would lift the ban to carry on mink farming business and the compensation amount.

Concerning these challenges, the Company plans to place more emphasis on the newly acquired business regarding the Forbes networking business in China and the investment in the technology-driven business.

Reserves

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 89 and Note 45 to the consolidated financial statements respectively.

Distributable Reserve

As at 31 March 2022, the Company's reserve available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to HK$553,348,000 (2021: HK$268,918,000). This includes the Company's accumulated losses and share premium account in the amount of HK$550,039,000 (2021: HK$405,469,000) and HK$1,103,387,000 (2021: HK$674,387,000) respectively 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.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

Share Capital and Share Options

Details of the Company's share capital and share options movements during the year are set out in Notes 35 and 37 to the consolidated financial statements respectively.

Pre-emptive Rights

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

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Major Customers and Suppliers

The percentages of purchases and sales for the year ended 31 March 2022 attributable to the Group's major suppliers and customers are as follows:

	Approximate % to total revenue for the year ended 31 March 2022
Purchases	
– the largest supplier	9.23%
– the five largest suppliers combined	32.51%
Sales	
– the largest customer	14.34%
– the five largest customers combined	35.13%

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

Charitable Contributions

During the year, HK$19,000 charitable contribution was made by the Group (2021: Nil).

Directors

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

Executive Directors

Mr. Chen Jiajun
Mr. Wong Chun Chau *(Chairman)**
Ms. Kwok Yin Ning *(Chief Executive Officer)*
Mr. Mong Cheuk Wai#

Independent Non-executive Directors

Ms. Mak Yun Chu
Mr. Hung Wai Che
Mr. Leung Siu Kee

Notes:

* Mr. Wong Chun Chau retired on 4 October 2021

Mr. Mong Cheuk Wai was appointed on 4 October 2021

Pursuant to article 84(1) of the Company's Articles of Association, Mr. Leung Siu Kee and Ms. Kwok Yin Ning will retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election at the AGM.

Pursuant to article 83(3) of the Company's Articles of Association, Mr. Mong Cheuk Wai shall hold office until the forthcoming AGM and shall then be eligible for re-election at the AGM.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company. Each of the independent non-executive Directors has signed an appointment letter with the Company for a period of three years. The term of office of all Directors is subject to (i) the termination pursuant to the terms of their respective service contract or appointment letter and (ii) the rotation, removal, vacation or termination of their offices as Directors or the disqualification to act as Directors as set out in the Company's Articles of Association, the applicable laws and the Listing Rules.

No Directors proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Independence Confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and hence are independent.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the year are set out in Note 11 to the consolidated financial statements.

Pension Schemes

Particulars of the Group's pension schemes are set out in Note 37 to the consolidated financial statements.

Management Contracts

As at 31 March 2022, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of any business of the Company.

Emolument Policy

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

Directors' Interests in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and in which a Director or his/her associates had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2022.

Directors' Interests in Competing Business

As far as the Directors are aware of, none of the Directors or the controlling shareholders of the Company has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 March 2022.

Connected Transactions

During the year ended 31 March 2022, the Group had the following continuing connected transaction which was disclosed in accordance with the requirements of Chapter 14A of the Listing Rules.

Licence Agreement entered into among UKF Management, Kingkey Enterprise and KK Culture

On 24 January 2019, UKF Management Limited ("UKF Management", now known as "Kingkey Management Limited") (as Licensee), a wholly-owned subsidiary of the Company, entered into a licensing agreement (the "Licence Agreement") with Kingkey Enterprise Hong Kong Limited ("Kingkey Enterprise") and Kingkey Intelligence Culture Holdings Limited (formerly known as KK Culture Holdings Limited or "KK Culture") (together as Licensors), where the Licensors agreed to lease certain areas of the office premises of 44/F, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong to the Licensee for the period from 24 January 2019 to 15 May 2020 (both days inclusive), at a monthly rent of HK$580,000 (exclusive of Government rates, management fee and air-conditioning charges).

Kingkey Enterprise is an investment holding company incorporated in Hong Kong with limited liability and KK Culture is a company incorporated in Cayman Islands with limited liability and continued in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 550).

The annual caps of the said leasing for the Company for the year ended 31 March 2019 and years ending 31 March 2020 and 2021 are HK$1,700,000, HK$8,200,000 and HK$1,100,000 respectively.

For the year ended 31 March 2021, the actual rental and other fee and charges under Licence Agreement (including management fee, air-conditioning, rates and utilities) paid by the Licensee amounted to HK$1,042,000.

The terms of the Licence Agreement were negotiated on an arm's length basis and the rental chargeable under the Licence Agreement was determined after taking into account the prevailing market rental rates as advised by an independent surveyor. The Directors (including the independent non-executive Directors) considered that the Licence Agreement was entered into in the ordinary and usual course of business of the Company, and its terms are on normal commercial terms and are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

For details, please refer to the announcement of the Company dated 24 January 2019.

As the Licence Agreement expired on 15 May 2020, subsequently on 15 June 2020, the Licensee entered into an updated licence agreement (the "Updated Licence Agreement") with the Licensors to extend the lease of the same premises for one more year for the period from 16 May 2020 to 15 May 2021 (both days inclusive) at a monthly rent of HK$62 per square feet (exclusive of Government rates, management fee and air-conditioning charges) and the Licensee was granted a first right of renewal upon the expiry of the updated licence agreement. A renewal agreement was subsequently entered into on 9 July 2021 with all the material terms being the same as the Updated. The terms of the Updated Licence Agreement and the one after were negotiated on an arm's length basis and the rental chargeable under the Licence Agreement was determined after taking into account the prevailing market rental rates. The Directors (including the independent non-executive Directors) considered that the Licence Agreement was entered into in the ordinary and usual course of business of the Company, and its terms are on normal commercial terms and are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

As (i) Kingkey Enterprise is wholly-owned by Mr. Chen Jiarong and it is an associate of Mr. Chen Jiajun; and (ii) Mr. Chen Jiajun, being brother of Mr. Chen Jiarong, has been the Controlling Shareholder of the Company and the substantial shareholder of KK Culture Company both Kingkey Enterprise and KK Culture are connected persons of the Company and accordingly, the transactions contemplated thereby constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Licence Agreement to extend the rental for another one year from 16 May 2021 to 15 May 2022.

As all the applicable percentage ratios calculated under the Listing Rules for the transactions contemplated under the Licence Agreement, the Updated Licence Agreement and the one after were less than 5%, such transactions were subject to reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

Save as disclosed above, none of the related party transactions as disclosed in Note 40 to the consolidated financial statements for the year ended 31 March 2022 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that all the continuing connected transaction or connected transaction taken place during the year ended 31 March 2021 and 31 March 2022 was (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the same on terms that are fair and reasonable and in the interests of the Company's shareholders as whole.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 31 March 2022, the following Directors or the chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

(A) Interests in the Company – Long position in shares of the Company

Name	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company (Notes)
Mr. CHEN, Jiajun	Controlled entity	3,363,819,533	50.02%
Ms. KWOK, Yin Ning	Beneficial owner	15,809,600	0.42%

Notes:

1. Such percentage was calculated against the number of issued shares of the Company as at 31 March 2022, being 6,724,629,735 shares.

2. Mr. Chen Jiajun is an Executive Director and the sole ultimate beneficial owner of Kingkey Holdings (International) Limited which is interested in 3,363,819,533 shares of the Company.

Save as disclosed above, as at 31 March 2022, neither the Directors nor the chief executives of the Company had interests or short positions in the shares, underlying and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) had to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

As at 31 March 2022, the following parties (other than the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company, being 5% or made in the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Long position in shares of the Company

Name	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company (Note 2)
Kingkey Holdings (International) Limited (Note 1)	Beneficial owner	3,363,819,533	50.02%

Notes:

1 Kingkey Holdings (International) Limited is wholly and beneficially owned by Mr. Chen Jiajun.

2. Such percentage was calculated against the number of issued shares of the Company as at 31 March 2022, being 6,724,629,735 shares.

Save as disclosed above, as at 31 March 2022, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Other than as disclosed under the sections "Share Option Schemes" and "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures" above, at no time during the year ended 31 March 2022 was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO, or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate granted to any Director or his/her spouse or children under 18 years or age, or were any such rights exercised by them.

Share Option Schemes

The Company has adopted, on 1 August 2012, two share option schemes, namely the Pre-IPO Share Option Scheme and the Share Option Scheme, for the purpose of providing incentives to eligible employees (including Directors) and any advisers or consultants who contributes to the success of the Group. The Pre-IPO Share Option was terminated on 23 August 2012, being the day immediately preceding the date on which the Company's shares were listed on the Stock Exchange. No further options were and will be granted under the Pre-IPO Share Option Scheme after its termination.

The Directors have estimated the values of the share options granted, calculated by using the binomial option pricing model as at the date of grant of the options. The values of share options calculated are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.

The value of an option varies with different variables of certain subjective assumptions. Any changes to the variables used may materially affect the estimation of the fair value of an option.

The major terms of the Share Option Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The participants of the Share Option Scheme are employees and any advisers or consultants who at the sole discretion of the Board has contributed or is expected to contribute to the Group.

2. The purpose of the Share Option Scheme is to recognise and motivate the contribution of the participants and to provide incentives and help the Company in retaining its employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

3. The total number of the shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and all other share option schemes of the Company shall not exceed 10% of the total number of shares in issue as at the date immediately following completion of the placing on 24 August 2012, being 96,000,000 shares. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders.

   On 18 July 2014, the shareholders at annual general meeting resolved to refresh the 10% limit and the Company may grant further option carrying rights to subscribe for up to a total of 165,177,600 shares and such number of shares, representing approximately 4.22% of total number of issued shares of the Company as at the date of this report, are available for issue under the Share Option Scheme.

4. The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time.

5. No participant shall be granted a share option if the total number of the shares issued and to be issued upon exercise of the options granted to such participant (including exercised and outstanding options) in any 12 months period up to and including the date of grant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting.

6. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during such period as the Board may in its absolute discretion determine but such period must not exceed ten years from the date of grant of the relevant option.

7. The Share Option Scheme do not specify any minimum holding period but the Board has the authority to determine the minimum period for which an option in respect of some or all of the shares forming the subject of the options must be held before it can be exercised.

8. The acceptance of an offer of the grant of a share option must be made within 20 business days from the date of offer with a non-refundable payment of HK$1.00 from each grantee.

9. The exercise price of any particular share option under the Share Option Scheme shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case will not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a day on which the Stock Exchange is open for the trading of securities ("Trading Day"); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant; and (iii) the nominal value of a share.

10. The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from 1 August 2012 and will expire on 31 July 2022.

As at 31 March 2022, there was no outstanding share options under Pre-IPO Share Option Scheme and during the year ended 31 March 2021, no share options were granted, exercised, lapsed or cancelled under Pre-IPO Share Option Scheme.

On 26 October 2018, an extraordinary general meeting was held and a refreshment of scheme limit under the Share Option Scheme was approved to issue up to 461,548,973 options.

During the financial year ended 31 March 2022, no share options were granted, exercised, leased or cancelled under the Share Option Scheme.

Share Award Scheme

On 14 September 2018 (the "Adoption Date"), the Company has entered into a trust deed (the "Trust Deed") with Core Pacific-Yamaichi International (H.K.) Nominees Limited (the "Trustee") to set up a trust for the share award scheme (the "Scheme") and the Trustee will exercise its powers to purchase Shares to be held upon the Trust pursuant to the rules relating to the Scheme Rules and the Trust Deed. To the best of knowledge of the Directors, information and belief, after having made all reasonable enquiries, the Trustee and its ultimate beneficial owners are independent third parties of the Company and its connected persons under the definitions of Chapter 14 of the Listing Rules.

Pursuant to the terms of the Scheme, the remuneration committee of the Company ("Remuneration Committee") and the Board shall determine the number of Shares to be purchased by the Trustee out of cash paid by the Company by way of settlement to the Trustee (the "Awarded Shares") awarded by the Board to be awarded to the employees selected by the Remuneration Committee and the Board (the "Selected Employees"). Subject to the absolute discretion of the Board, the Awarded Shares (where the Board has determined such number pursuant to the terms of the Scheme) shall be acquired by the Trustee from open market by utilizing the Company's resources provided to the Trustee.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required to adopt the Scheme.

The purposes of the Scheme are to recognise the contributions by the Selected Employees and give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board pursuant to the terms of the Scheme, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

The Remuneration Committee and the Board shall not make any further award of Shares which will result in the aggregate number of Shares awarded by the Board throughout the duration of the Scheme to be in excess of 5% of the issued share capital of the Company as at the Adoption Date. The maximum aggregate number of the Awarded Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. As at the date of the Adoption Date, the number of issued Shares of the Company is 4,615,489,735 Shares.

Operation of the Scheme

The Remuneration Committee and the Board may, from time to time, at their absolute discretion select any Employees (excluding any Excluded Employee) to participate in the Scheme as a Selected Employee. Subject to the terms of the Scheme, the Remuneration Committee and the Board shall determine the number of Awarded Shares to be awarded to the Selected Employees. The Board is entitled to impose any conditions as they deem appropriate in their absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employees. Where any grant of Awarded Shares is proposed to be made to connected persons of the Company, such grant of Awarded Shares has to be approved in advance by the independent non-executive Directors of the Company. The Company shall comply with the applicable provisions of Chapter 14A of the Listing Rules and such Connected Persons and their associates shall abstain from voting on the relevant general meeting in approving such grant of Awarded Shares. After the Board has approved any grant of Awarded Shares, the Board shall as soon as practicable inform the Trustee of, among others, (a) the identity of the relevant Selected Employee, and whether the Selected Employee is a Connected Person; (b) the number of Awarded Shares awarded to the relevant Selected Employee; (c) the Vesting Date; (d) conditions, restrictions or limitations (if any) accordingly; and (e) whether the Awarded Shares or any part thereof should be purchased.

Restrictions

No payment shall be made to the Trustee pursuant to the Scheme and no instructions to acquire Shares shall be given to the Trustee under the Scheme and the Trustee shall not sell the Awarded Shares for the relevant Selected Employees where: (a) any Director or the relevant Employee is in possession of any inside information (as defined in the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) in relation to the Company; or (b) dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Vesting of Awarded Shares

The Trustee shall vest any Awarded Shares and Related Income held by the Trustee under the Trust to the Selected Employee on the Vesting Date determined at the discretion of the Board, provided that the Selected Employee remains an Employee of the Group at all times after the Reference Date up to the relevant Vesting Date.

No voting rights

A Selected Employee shall have no rights except contingent interest in respect of the Awarded Share until the Shares are vested in the Selected Employee pursuant to the Scheme. The Trustee shall not exercise any voting rights in respect of any Shares held under the Trust (including but not limited to the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares).

For the year ended 31 March 2022, no shares were granted. As at 31 March 2022, the Company had 9,050,000 Awarded Shares outstanding at an average cost of HK$0.55 each.

Related party transactions

During the year ended 31 March 2022, the Group entered into certain related party transactions, details of which are set out in Note 40 to the consolidated financial statements of the Group. None of these transactions constitute a discloseable connected transactions or continuing connected transactions in accordance with the Listing Rules except for those disclosed in the section headed "Connected Transactions" in this report.

Corporate Governance

The major corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 20 to 32.

The Company has received the said written confirmation for the year ended 31 March 2022 from each controlling shareholder and the Directors are of the view that the controlling shareholders have been in compliance with the Non-Competition Undertaking for the year under review.

Permitted Indemnity Provision

Save for the directors and officers liability insurance maintained by the Company in respect of relevant legal actions against the Directors, at no time during the year ended 31 March 2022 and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise).

Events after the Reporting Period

Save as disclosed, there are no significant events taken place after 31 March 2022 and up to the date of this report.

Sufficiency of Public Float

Throughout the year ended 31 March 2022 and as at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained a sufficient prescribed public float of more than 25% of the Company's issued shares as required under the Listing Rules.

REPORT OF THE DIRECTORS

Review of Annual Results by Audit Committee

The Company has established the Audit Committee which comprises all three independent non-executive Directors. The current members are Ms. Mak Yun Chu, Mr. Hung Wai Che and Mr. Leung Siu Kee, with Ms. Mak Yun Chu being the chairperson of the committee. The Group's annual results for the year ended 31 March 2022 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

Auditor

On 9 November 2021, Confucius International CPA Limited resigned as auditor of the Company as it could not reach a consensus on the audit fee for the financial year ending 31 March 2022. The Company appointed Elite Partners CPA Limited ("Elite Partners") to fill the vacancy with effect from 9 November 2021. Elite Partners will hold the office until the conclusion of the next general meeting of the Company.

The consolidated financial statements of the Group for the year ended 31 March 2022 have been audited by Elite Partners.

On behalf of the Board
Kingkey Financial International (Holdings) Limited

Chen Jiajun
Executive Director
23 June 2022

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

TO THE MEMBERS OF KINGKEY FINANCIAL INTERNATIONAL (HOLDINGS) LIMITED
京基金融國際（控股）有限公司
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Kingkey Financial International (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 86 to 199, which comprise the consolidated statement of financial position as at 31 March 2022, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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 Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment assessment of trade receivables arising from securities brokerage business and loan receivables	
As at 31 March 2022, the Group had trade receivables arising from securities brokerage business of HK$307,656,000, net of impairment provision of HK$19,657,000, from securities brokerage and margin financing, and loan receivables of HK$248,472,000, net of impairment provision of HK$2,154,000, from money lending business. Assessing impairment of trade receivables arising from securities brokerage business and loan receivables is a subjective area as it requires application of significant judgement and uses of estimates. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information, and forward-looking analysis. Judgement is applied in assessing customers that may default and identifying evidence of impairment which include assessment on creditworthiness of customers, their historical repayment records, the length of the overdue period, the financial strength of debtors and the loan-to-collateral ratio, that is the percentage of outstanding receivables balance to collateral value. Estimates are used in assessing the recoverable amount of the collateral. We had identified impairment assessment of trade receivables arising from securities brokerage business and loan receivables as a key audit matter because significant management judgement was used to assess the allowance for credit losses of trade receivables arising from securities brokerage business and loan receivables.	Our major audit procedures relating to the impairment assessment of trade receivables arising from securities brokerage business and loan receivables included the followings: • We understood the controls over the impairment assessment of trade receivables arising from securities brokerage business and loan receivables from money lending business, which related to the management's identification of events that might trigger the Significant Increase in Credit Risk ("SICR") of the receivables and events of default. • We tested the appropriateness of the Group's determination of SICR and the basis of classification of exposures into the 3 stages as required by HKFRS 9. Our testing will include the checking to margin clients' and loan clients' creditworthiness, historical payment records, the length of the overdue period, the financial strength of debtors, loan-to-collateral value and other factors determining the stage classification as determined by the Group. • We assessed, on a sample basis, the recoverability of the outstanding receivables through our discussed with the management and with reference to credit profiles of the customers, available data, information and the latest correspondence with customers and checked subsequent settlements. • We assessed the reasonableness of the Group's criteria for assessed if there has been a SICR and so allowances for the receivables should be measured on a life-time ECL basis and the qualitative assessment. • We re-performed the management's calculation of loss allowances under the ECL model. • We verified the balances of trade receivables arising from securities brokerage business and loan receivables by requesting direct confirmations on a sample basis.

Other Matter

The consolidated financial statements of the Company for the year ended 31 March 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 29 June 2021.

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

- 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; and

- 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Mr. Yip Kai Yin with Practising Certificate number P07854.

Elite Partners CPA Limited
Certified Public Accountants

Hong Kong, 23 June 2022

10/F., 8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Revenue	5	**127,041**	148,642
Cost of sales		**(41,055)**	(52,731)
Gross profit		**85,986**	95,911
Other income	7	**34,097**	11,768
Other gains and losses, net	8	**(69,867)**	(3,098)
Provision for impairment of loan receivables, net	25	**(1,935)**	(219)
Provision for impairment of trade and other receivables, net	24	**(6,611)**	(3,652)
Administrative expenses		**(99,595)**	(96,428)
Finance costs	9	**(13,460)**	(9,181)
Share of result of an associate	19	**(30)**	–
Loss before tax	10	**(71,415)**	(4,899)
Income tax expense	12	**(1,714)**	(3,541)
Loss for the year		**(73,129)**	(8,440)
Other comprehensive (expense) income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas operation		**(3,528)**	7,178
Item that will not be reclassified subsequently to profit or loss:			
Fair value changes of financial assets at fair value through other comprehensive income		**(1,650)**	(50)
Other comprehensive (expense) income for the year, net of tax		**(5,178)**	7,128
Total comprehensive expense for the year		**(78,307)**	(1,312)
Loss for the year attributable to:			
Owners of the Company		**(73,129)**	(8,440)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(78,307)**	(1,312)
Loss per share	14		
Basic		**(1.14) cents**	(0.17) cents
Diluted		**(1.14) cents**	(0.17) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**14,863**	83,534
Right-of-use assets	16	**68**	6,461
Goodwill	17	**106,814**	106,814
Intangible asset	18	**500**	500
Investment in an associate	19	**15,648**	–
Financial assets at fair value through profit or loss	20	**77,129**	19,819
Financial assets at fair value through other comprehensive income	21	**3,250**	4,900
Loan receivables	25	**18,249**	–
Deposits	24	**12,968**	1,278
		249,489	223,306
Current assets			
Financial assets at fair value through profit or loss	20	**49,591**	2,459
Inventories	23	**66,892**	76,041
Trade and other receivables, prepayments and deposits	24	**320,767**	258,282
Loan receivables	25	**230,223**	91,017
Amounts due from related companies	39	**3,056**	2,352
Tax recoverable		**1,954**	–
Pledged bank deposits	27	**35,000**	17,500
Bank balances held on behalf of clients	26	**234,840**	198,992
Bank balances and cash	27	**124,448**	45,626
		1,066,771	692,269
Current liabilities			
Trade and other payables	28	**253,519**	207,424
Tax payables		**6,676**	9,983
Bank and other borrowings	29	**95,330**	78,901
Lease liabilities	30	**71**	2,944
Amount due to a related company	40	**–**	1,107
Amount due to a director	31	**3,765**	24,864
Amount due to a shareholder	31	**11,000**	11,000
Corporate bonds	32	**96,717**	37,200
		467,078	373,423
Net current assets		**599,693**	318,846
Total assets less current liabilities		**849,182**	542,152

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Lease liabilities	30	–	4,400
Corporate bonds	32	**58,891**	111,926
		58,891	116,326
Net assets		**790,291**	425,826
Capital and reserve			
Share capital	35	**67,246**	48,496
Reserves		**723,045**	377,330
Total equity		**790,291**	425,826

The consolidated financial statements on pages 86 to 199 were approved and authorised for issue by the Board of Directors on 23 June 2022 and are signed on its behalf by:

CHEN JIAJUN
DIRECTOR

KWOK YIN NING
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to the owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000	Shares held for Share Award Scheme HK$'000	Share-based payment reserve HK$'000	Investments revaluation reserve HK$'000	Translations reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
1 April 2020	48,496	674,387	(7,122)	–	4,723	(5,050)	(23,016)	(1,998)	(263,282)	427,138
Loss for the year	–	–	–	–	–	–	–	–	(8,440)	(8,440)
Other comprehensive income (expense) for the year										
Exchange difference on translation of financial statements of overseas operation	–	–	–	–	–	–	7,178	–	–	7,178
Fair value changes of financial assets at fair value through other comprehensive income	–	–	–	–	–	(50)	–	–	–	(50)
Total comprehensive (expense) income for the year	–	–	–	–	–	(50)	7,178	–	(8,440)	(1,312)
Share option lapsed (Note 37)	–	–	–	–	(4,723)	–	–	–	4,723	–
At 31 March 2021 and 1 April 2021	48,496	674,387	(7,122)	–	–	(5,100)	(15,838)	(1,998)	(266,999)	425,826
Loss for the year	–	–	–	–	–	–	–	–	(73,129)	(73,129)
Other comprehensive expense for the year										
Exchange difference on translation of financial statements of overseas operation	–	–	–	–	–	–	(3,528)	–	–	(3,528)
Fair value changes of financial assets at fair value through other comprehensive income	–	–	–	–	–	(1,650)	–	–	–	(1,650)
Total comprehensive expense for the year	–	–	–	–	–	(1,650)	(3,528)	–	(73,129)	(78,307)
Issues of shares by placing (note 35)	18,750	429,000	–	–	–	–	–	–	–	447,750
Purchase of shares under Share Award Scheme (note 38)	–	–	–	(4,978)	–	–	–	–	–	(4,978)
At 31 March 2022	67,246	1,103,387	(7,122)	(4,978)	–	(6,750)	(19,366)	(1,998)	(340,128)	790,291

Note: Other reserve mainly represents the difference between the amount of non-controlling interest adjusted and the fair value of the consideration paid on partial acquisition of subsidiaries without losing control over the subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Operating activities			
Loss before tax		**(71,415)**	(4,899)
Adjustments for:			
Depreciation of right-of-use assets	16	**2,803**	4,005
Depreciation of property, plant and equipment	15	**9,010**	8,497
Change in fair value of financial assets at fair value through profit or loss	8	**16,824**	3,493
Loss (gain) on disposal of financial assets at fair value through profit or loss	8	**20**	(409)
Gain on termination of lease	8	**(739)**	–
Gain on bargain purchase of acquisition of an associate	8	**(5,578)**	–
Interest income	7	**(1,768)**	(11)
Dividend income	7	**–**	(250)
Interest expenses	9	**13,460**	9,181
Reversal of inventories	23	**–**	(12,207)
Impairment of property, plant and equipment	8	**59,439**	–
Loss on write-off of property, plant and equipment	8	**–**	58
Provision for (reversal of) impairment of trade receivables, net	24	**6,611**	(1,450)
Provision for impairment of other receivables	24	**–**	5,102
Provision for impairment of loan receivables	25	**1,935**	219
Share of result of an associate		**30**	–
Write-off of biological assets due to COVID-19 pandemic	22	**–**	7,382
Operating cash flows before movements in working capital		**30,632**	18,711
Increase in biological assets		**–**	(7,154)
Decrease in inventories		**5,695**	5,118
(Increase) decrease in trade and other receivables, prepayments and deposits		**(67,541)**	34,737
Increase in pledged bank deposits		**(17,500)**	(17,500)
Increase in loan receivables		**(159,390)**	(76,236)
Increase in bank balances held on behalf of clients		**(35,848)**	(173,548)
Increase in trade and other payables		**45,969**	169,150
Increase in amounts due from related companies		**(704)**	(1,159)
(Decrease) increase in amount due to a related company		**(1,107)**	1,107
Purchase of shares under Share Award Scheme		**(4,978)**	–
Cash used in operating activities		**(204,772)**	(46,774)
Interest paid		**(2)**	(1)
Hong Kong Profits tax (paid) refunded, net		**(6,975)**	334
Net cash used in operating activities		**(211,749)**	(46,441)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
Investing activities			
Interest received	7	**18**	11
Dividend received		**–**	250
Acquisition of financial assets at fair value through profit or loss		**(121,670)**	(39,727)
Acquisition of an associate	19	**(10,100)**	–
Deposit paid for acquisition of a subsidiary		**(11,700)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**384**	14,365
Purchase of property, plant and equipment	15	**(1,016)**	(5,563)
Net cash used in investing activities		**(144,084)**	(30,664)
Financing activities			
Addition of corporate bonds	45	**29,682**	117,408
Redemption of promissory notes	45	**–**	(3,430)
Repayment of corporate bonds	45	**(23,200)**	(16,500)
Net proceeds from placing of shares	35	**447,750**	–
New bank and other borrowings	45	**61,705**	71,190
Repayments of bank borrowings	45	**(43,865)**	(77,990)
Capital element of lease rentals paid	45	**(2,944)**	(3,367)
Interest element of lease rentals paid	45	**(300)**	(217)
Decrease in amount due to a shareholder	45	**–**	(4,000)
(Decrease) increase in amount due to a director	45	**(21,099)**	3,864
Interest paid	45	**(12,944)**	(7,539)
Net cash generated from financing activities		**434,785**	79,419
Net increase in cash and cash equivalents		**78,952**	2,314
Cash and cash equivalents at beginning of the year		**45,626**	42,136
Effect of foreign exchange rate changes, net		**(130)**	1,176
Cash and cash equivalents at the end of the year		**124,448**	45,626
Cash and cash equivalents represented by			
Bank balances and cash		**124,448**	45,626

1. General

Kingkey Financial International (Holdings) Limited (the "Company") is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 March 2015. In the opinion of the Directors of the Company, the ultimate holding company of the Company is Kingkey Holdings (International) Limited ("Kingkey Holdings") which is a private limited company incorporated in the British Virgin Islands. Its controlling shareholder is Mr. Chen Jiajun, who is also the controlling shareholder and executive director of the Company ("Mr. Chen Jiajun").

The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is located at 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are provision of securities brokerage, insurance brokerage, assets management services, money lending services in Hong Kong, fur skin brokerage, mink farming in Denmark.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. In addition, the functional currencies of group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

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

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimate[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[4]

1 Effective for annual periods beginning on or after 1 January 2022, earlier application permitted

2 Effective for annual periods beginning on or after 1 January 2023, earlier application permitted

3 Effective date to be determined

4 Effective for business combinations/common control combination for which the acquisition date/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. Significant Accounting Policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values and biological assets which are measured at fair values less costs to disposal at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

3. Significant Accounting Policies *(Continued)*

Basis of preparation *(Continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For biological assets which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation *(Continued)*

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations

Acquisitions of 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 generally recognised in profit or loss as incurred.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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 interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount 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 of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included 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. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for 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 accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

Interests in subsidiaries

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Investments in associates

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

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

3. Significant Accounting Policies *(Continued)*

Investments in associates *(Continued)*

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

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

3. Significant Accounting Policies *(Continued)*

Goodwill

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

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

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

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

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

3. Significant Accounting Policies *(Continued)*

Revenue from contracts with customers *(Continued)*

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Description of the Group's performance obligation of main source of income under the scope of HKFRS 15 are as follows:

Brokerage commission from dealing in securities

Commission income from securities brokerage, net of commission income waived for certain customers, is recognised on a trade date basis at a point in time when the relevant transactions are executed in accordance with the agreed terms of the account opening agreements. The corresponding brokerage commission will be settled once the underlying securities transactions completed.

Brokerage commission from fur skin business

Commission income from the provision of fur skin brokerage services should be recognised at a point in time when the service is rendered to the customer.

Underwriting, sub-underwriting, placing and sub-placing commission

Commission income from underwriting and placing services are recognised at a point in time in accordance with the agreed terms of the relevant underwriting and placing agreements or deal mandate when the relevant significant acts have been completed.

Interest income from clients

Interest income from clients, net of interest income waived for certain customers, is recognised on a time proportion basis, by reference to the principal amounts outstanding and the effective interest rates applicable.

3. Significant Accounting Policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Fund management services and assets management services income

Service income from the provision of fund management services and assets management services are recognised over time as customers simultaneously receive and consume benefits when the Company performs the management services.

Insurance brokerage services

Commission income from the provision of insurance brokerage services are recognised at a point in time when the relevant transactions have been arranged or the relevant services have been rendered.

Interest income from financial assets

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably and it is accrued on a time basis, by reference to the principal outstanding and calculated at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Sales of fur

Revenue is recognised when fur is delivered which are taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership is transferred to the customer. Revenue is recognised from excluding value added tax or other sales taxes and is after deduction of any trade discounts.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. Significant Accounting Policies *(Continued)*

Leasing *(Continued)*

The Group as lessee

(a) Allocation of consideration to components of a contract

For a contract 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 component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) Short-term leases and leases of low-value assets

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

(c) Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

3. Significant Accounting Policies *(Continued)*

Leasing *(Continued)*

The Group as lessee *(Continued)*

(c) Right-of-use assets *(Continued)*

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

(d) Refundable rental deposits

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

(e) Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable.

3. Significant Accounting Policies *(Continued)*

Leasing *(Continued)*

The Group as lessee *(Continued)*

(e) Lease liabilities *(Continued)*

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/ expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

(f) Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the rights to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentive receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. Significant Accounting Policies *(Continued)*

Leasing *(Continued)*

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Rental income is presented under "other income" in profit or loss.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 "Revenue from contracts with Customers" to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

3. Significant Accounting Policies *(Continued)*

Leasing *(Continued)*

The Group as a lessor *(Continued)*

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. Significant Accounting Policies *(Continued)*

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grant will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purposes of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants are presented under "other income" in profit or loss.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit scheme are recognised as an expense when employees have rendered services entitling them to the contribution.

Short-term employee benefits

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

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

3. Significant Accounting Policies *(Continued)*

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

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

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

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before taxation" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 “Income Taxes” requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Biological assets

Biological assets comprise minks.

Minks are measured at fair value less costs of disposal, based on average market price at auction of skin less incremental costs. Costs of disposal include the incremental selling costs, auctioneers' fees and pelting fees to skinners.

Changes in fair value of minks are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than freehold lands as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

3. Significant Accounting Policies *(Continued)*

Property, plant and equipment *(Continued)*

Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

Mink farm buildings	2–5%
Leasehold improvements	Shorter of 20% or lease term
Plant and machinery	5–20%
Office equipment	20%–33%
Motor vehicle	20%
Freehold land	0%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Intangible assets

Intangible assets represent the rights to trade on the Stock Exchange (the "trading rights"). The trading rights have indefinite useful life and are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment below).

Derecognition of intangible assets

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

3. Significant Accounting Policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be established.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGU, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGU, with the recoverable amount of the group of CGU. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGU. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value-in-use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGU. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. Significant Accounting Policies *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

3. Significant Accounting Policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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

(ii) Equity instruments designated as at FVTOCI

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

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's rights 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 profit or loss.

(iii) Financial assets as at FVTPL

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

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables (excluding prepayments and other items which were not financial instruments), deposits, loan receivables, amounts due from related companies, pledged bank deposits, bank balances held on behalf of clients and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with debtors having similar credit ratings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) *Significant increase in credit risk*

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(i) Significant increase in credit risk (Continued)

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

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

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 365 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 reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(i) Significant increase in credit risk (Continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(Continued)*

(v) Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

Except for financial assets at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instruments.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at FVTPL *(Continued)*

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to investment revaluation reserve upon derecognition of the financial liability.

Financial liabilities at amortised cost

Other financial liabilities (including trade payables and other payables, amount due to a related company/a director/a shareholder, bank and other borrowings and corporate bonds) are subsequently measured at amortised cost, using the effective interest method.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition/modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10%.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, bank deposits having been within three months of maturity at acquisition.

3. Significant Accounting Policies *(Continued)*

Related parties

A party is considered to be related to the Group if:

(i) A person, or a close member of that person's family, is related to the Group if that person:

1. has control or joint control over the Group;
2. has significant influence over the Group; or
3. is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

1. the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
2. 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);
3. both entities are joint ventures of the same third party;
4. one entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa;
5. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
6. the entity is controlled or jointly-controlled by a person identified in (i);
7. a person identified in (i)(1) 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); or
8. the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

3. Significant Accounting Policies *(Continued)*

Related parties *(Continued)*

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 and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependants of that person or that person's spouse or domestic partner.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the CGU to which goodwill has been allocated. The value in use calculation requires the management of the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill as at 31 March 2022 was HK$106,814,000 (2021: HK$106,814,000), no impairment was recognised in the consolidated statement of profit or loss during the years ended 31 March 2021 and 2022. Details of the recoverable amount calculation are set out in Note 17 to the consolidated financial statements.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment of property, plant and equipment and right-of-use assets

The Group assesses at the end of the reporting period whether property, plant and equipment has any indication of impairment in accordance with the accounting policy. The recoverable amount of property, plant and equipment is determined based on the value in use calculation. This calculation requires the use of judgement and estimates. Details of the basis of estimation and assumptions are disclosed in Note 15 to the consolidated financial statements.

As at 31 March 2022, the Group performed impairment assessment on the carrying amount of property, plant and equipment of HK$14,863,000 and right-of-use assets of HK$68,000 (2021: property, plant and equipment of HK$83,534,000 and right-of-use assets of HK$6,461,000) respectively. Impairment losses of HK$59,439,000 in respect of property, plant and equipment relating to fur business have been recognised for the year ended 31 March 2022 (2021: no impairment loss have been recognised).

Estimation on net realisable value of inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses.

The management of the Group reviews and identifies at the end of each financial year, provision for inventories (if any) is based on recent sales performance, management experience and assessment of the product's alignment with current market trend. The management estimates the net realisable value for inventories based primarily on the latest market prices and current market conditions. The carrying amount of inventories as at 31 March 2022 was HK$66,892,000 (2021: HK$76,041,000). Details of the inventories are disclosed in Note 23 to the consolidated financial statements.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value of other financial instruments

As at 31 March 2022, certain of the Group's financial assets (including financial assets at FVTPL and financial assets at FVTOCI) are measured at fair value using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. Details of the fair value measurement are disclosed in Note 42 to the consolidated financial statements.

Provision of ECL on trade receivables arising from securities brokerage business

The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

In assessing the ECL, the Group performs the assessment based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors or borrowers, general economic conditions and both the current conditions at the reporting date as well as the forecast of future conditions with significant judgments involved. The management uses estimates based on creditworthiness of customers, historical payment records, the length of the overdue period, the financial strength of the debtors, loan-to-collateral value and any other qualitative factors in determining the impairment. The methodology and assumptions for estimating the amount is reviewed regularly to reduce material differences between loss estimates and actual loss experience. As at 31 March 2022, the carrying amount of trade receivables arising from securities brokerage business is HK$307,656,000 (2021: HK$245,365,000). The Group have recognised a provision for the net impairment loss of HK$6,611,000 (2021: a reversal of the net impairment loss of HK$1,450,000) during the year.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Provision of ECL on loan receivables

The Group reviews its loan portfolios to assess impairment periodically. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. payment delinquency or default), or local economic conditions that correlate with defaults on assets in the Group. The management uses estimates based on creditworthiness of customers, historical payment records, the length of the overdue period, the financial strength of the debtors, loan-to-collateral value and any other qualitative factors. The methodology and assumptions used for estimating the amount is reviewed regularly to reduce any differences between loss estimates and actual loss experience.

As at 31 March 2022, the carrying amount of loan receivables is HK$248,472,000 (2021: HK$91,017,000). Impairment loss of HK$1,935,000 was recognised (2021: impairment loss of HK$219,000) during the year.

5. Revenue

During the year, the Group's revenue representing the amount received and receivable from its operating businesses, net of discount, are as follows:

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers		
Insurance brokerage services income	**47,670**	65,902
Commission income from		
– securities brokerage	**3,208**	5,095
– underwriting, sub-underwriting, placing and sub-placing	**4,183**	6,504
Brokerage of fur skin	**77**	33
Mink farming	**7,123**	23,384
Fund management services income	**807**	4,785
Assets management services income	**7,315**	8,241
Revenue from other sources		
Interest income from margin financing services	**26,552**	24,427
Interest income from money lending services	**30,106**	10,271
	127,041	148,642

Note: Commission and services income from insurance brokerage, securities brokerage, underwriting, sub-underwriting, placing and sub-placing, brokerage of fur skin and income from mink farming are recognised at point in time. Fund and assets management services income are recognised at point over time.

6. Segment Information

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Securities	–	Provision of securities brokerage, margin financing, underwriting, sub-underwriting, placing, sub-placing and consultancy services
Insurance brokerage	–	Provision of insurance brokerage services
Fur	–	Sale of pelted skin, provision of fur skin brokerage and financing services
Assets management	–	Provision and arrangement of fund management services and assets management services
Money lending	–	Provision and arrangement of money lending services

6. Segment Information *(Continued)*

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

For the year ended 31 March 2022

	Securities HK$'000	Insurance brokerage HK$'000	Fur HK$'000	Assets management HK$'000	Money lending HK$'000	Total HK$'000
Revenue	33,943	47,670	7,200	8,122	30,106	127,041
RESULTS						
Segment operating results	21,111	(5,587)	10,392	5,710	30,008	61,634
Impairment of property, plant and equipment	–	–	(59,439)	–	–	(59,439)
Provision of impairment of trade and other receivables, net	(6,611)	–	–	–	–	(6,611)
Provision for impairment of loan receivables, net	–	–	–	–	(1,935)	(1,935)
Segment results	14,500	(5,587)	(49,047)	5,710	28,073	(6,351)
Other gains and losses, net						(10,428)
Finance costs						(13,460)
Share result of an associate						(30)
Unallocated corporate income						2,957
Unallocated corporate expenses						(44,103)
Loss before tax						(71,415)
Income tax expense						(1,714)
Loss for the year						(73,129)

	Securities HK$'000	Insurance brokerage HK$'000	Fur HK$'000	Assets management HK$'000	Money lending HK$'000	Total HK$'000
ASSETS						
Segment assets	651,050	1,847	78,129	2,302	248,472	981,800
Unallocated corporate assets						334,460
Total assets						1,316,260
LIABILITIES						
Segment liabilities	311,884	5,699	24,402	–	1,005	342,990
Unallocated corporate liabilities						182,979
Total liabilities						525,969

6. Segment Information *(Continued)*

Other information

	Securities HK$'000	Insurance brokerage HK$'000	Fur HK$'000	Assets management HK$'000	Money lending HK$'000	Unallocated HK$'000	Total HK$'000
Additions of property, plant and equipment	36	196	–	43	–	741	1,016
Impairment of property, plant and equipment	–	–	59,439	–	–	–	59,439
Provision for impairment of trade and other receivables, net	6,611	–	–	–	–	–	6,611
Provision for impairment of loan receivables, net	–	–	–	–	1,935	–	1,935
Depreciation of property, plant and equipment	1,456	1,257	6,148	9	–	140	9,010
Depreciation of right-of-use assets	–	2,393	410	–	–	–	2,803

6. Segment Information *(Continued)*

For the year ended 31 March 2021

	Securities HK$'000	Insurance brokerage HK$'000	Fur HK$'000	Assets management HK$'000	Money lending HK$'000	Total HK$'000
Revenue	36,026	65,902	23,417	13,026	10,271	148,642
RESULTS						
Segment operating results	21,699	(1,708)	6,029	10,713	10,032	46,765
Reversal of impairment of trade and other receivables, net	1,450	–	–	–	–	1,450
Provision for impairment of loan receivables	–	–	–	–	(219)	(219)
Segment results	23,149	(1,708)	6,029	10,713	9,813	47,996
Other gains and losses, net						(3,098)
Finance costs						(9,181)
Unallocated corporate income						3,506
Unallocated corporate expenses						(44,122)
Loss before tax						(4,899)
Income tax expense						(3,541)
Loss for the year						(8,440)

	Securities HK$'000	Insurance brokerage HK$'000	Fur HK$'000	Assets management HK$'000	Money lending HK$'000	Total HK$'000
ASSETS						
Segment assets	554,324	8,891	154,507	4,261	91,017	813,000
Unallocated corporate assets						102,575
Total assets						915,575
LIABILITIES						
Segment liabilities	229,728	11,858	43,390	–	1,000	285,976
Unallocated corporate liabilities						203,773
Total liabilities						489,749

6. Segment Information *(Continued)*

Other information

	Securities HK$'000	Insurance brokerage HK$'000	Fur HK$'000	Assets management HK$'000	Money lending HK$'000	Unallocated HK$'000	Total HK$'000
Additions of property, plant and equipment	2,910	2,624	–	29	–	–	5,563
Reversal of write-down of inventories	–	–	(12,207)	–	–	–	(12,207)
Provision for impairment of loan receivables	–	–	–	–	219	–	219
(Reversal)/provision for impairment of trade and other receivables	(1,450)	–	–	–	–	5,102	3,652
Depreciation of property, plant and equipment	1,425	867	6,193	6	–	6	8,497
Depreciation of right-of-use assets	–	2,688	483	–	–	834	4,005
Write-off of biological assets due to COVID-19 pandemic	–	–	7,382	–	–	–	7,382

Segment results represent the result from each segment without allocation of central administration costs including directors' remuneration, other gains and losses excluded impairment of property, plant and equipment, net, unallocated other income, finance costs, provision for impairment of unallocated other receivables and income tax expense, which are reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

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

- all assets other than other receivables, prepayments and deposits, financial assets at FVTPL, financial assets at FVTOCI, certain property, plant and equipment, amounts due from related companies, pledged bank deposit, bank balances and cash and tax recoverable are allocated to reportable segments. Goodwill and intangible asset are allocated to segment of securities. Assets used jointly by reportable segment are allocated on the basis of the revenues earned by individual reportable segment; and

- all liabilities other than accruals and other payables, amount due to a director/a shareholder/a related company, corporate bonds and tax payables are allocated to reportable segments. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

6. Segment Information *(Continued)*

Geographical information

The Group mainly operates in Hong Kong and Denmark.

The Group's revenue from external customers based on the location of operations and information about its non-current assets by geographical location of the assets are analysed as follows:

	Revenue from external customers		Non-current assets	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
The People's Republic of China	**77**	33	**–**	–
Hong Kong	**119,841**	125,225	**138,484**	119,375
Denmark	**7,123**	23,384	**11,109**	77,934
	127,041	148,642	**149,593**	197,309

Note: Non-current assets excluded financial instruments.

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group is as follows:

	2022	2021
	HK$'000	HK$'000
Customer A (Segment: Insurance brokerage) (Notes a, c)	**18,214**	–
Customer B (Segment: Fur) (Note b)	**–**	23,384
Customer C (Segment: Insurance brokerage) (Notes b, c)	**–**	19,681

Note a: Revenue from this customer contributed less than 10% of the Group's total revenue for the year ended 31 March 2021.

Note b: Revenue from this customer contributed less than 10% of the Group's total revenue for the year ended 31 March 2022.

Note c: The customer is an insurance product issuer.

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2022 and 2021.

7. Other Income

	2022 HK$'000	2021 HK$'000
Administrative fee income	1,101	980
Award, bonus and commission rebate	46	333
Bank interest income	18	11
Bond interest income	1,750	–
Dividend income	–	250
Government grants	19,588	3,458
Handling fee income	2,420	568
Referral income	6,548	2,789
Rental and utilities income (short-term leases)	1,097	2,392
Securities marketing service income	1,004	845
Others	525	142
	34,097	11,768

During the year ended 31 March 2021, the Group recognised government grants of HK$3,458,000 in respect of COVID-19-related subsidies, of which HK$3,449,000 related to Employment Support Scheme provided by the Hong Kong government.

During the year ended 31 March 2022, the Group recognised government grants of HK$19,588,000 of which HK$19,571,000 related to the compensation from the Danish government for the mink farming business.

8. Other Gains and Losses, Net

An analysis of the Group's other gains and losses, net is as follows:

	Notes	2022 HK$'000	2021 HK$'000
Foreign exchange gain, net		99	44
Impairment of property, plant and equipment	15	(59,439)	–
Change in fair value of financial assets at FVTPL		(16,824)	(3,493)
(Loss)/gain on disposal of financial assets at FVTPL		(20)	409
Gain on termination of lease		739	–
Gain on bargain purchase of acquisition of an associate	19	5,578	–
Loss on write-off of property, plant and equipment	15	–	(58)
		(69,867)	(3,098)

9. Finance Costs

	2022 HK$'000	2021 HK$'000
Interest on:		
– Bank and other borrowings	**3,634**	3,251
– Corporate bonds (effective)	**9,524**	5,712
– Lease liabilities (effective)	**300**	217
– Securities clients' accounts	**2**	1
	13,460	9,181

10. Loss before Tax

Loss before tax has been arrived at after charging (crediting):

	2022 HK$'000	2021 HK$'000
Auditor's remuneration	**1,242**	1,009
Provision for impairment of trade and other receivables, net	**6,611**	3,652
Provision for impairment of loan receivables, net	**1,935**	219
Cost of inventories recognised as expenses	**5,695**	12,501
Depreciation of property, plant and equipment	**9,010**	8,497
Depreciation of right-of-use assets	**2,803**	4,005
Impairment of property, plant and equipment	**59,439**	–
Reversal of inventories	**–**	(12,207)
Net foreign exchange gain, net	**(99)**	(44)
Operating lease rental for short-term leases and low value assets	**6,245**	4,753
Staff costs (including directors' remuneration – Note 11)		
– salaries and benefits in kind	**43,278**	44,253
– discretionary bonus	**45**	93
– retirement benefits scheme contributions	**1,087**	1,432
Loss on write-off of property, plant and equipment	**–**	58
Write-off of biological assets due to COVID-19 pandemic	**–**	7,382

11. Directors' Remuneration and Five Highest Paid Employees

(a) Directors' remuneration

Directors' remuneration for the year ended 31 March 2022, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Emoluments	Fees HK$'000	Salaries and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive directors					
Mr. Chen Jiajun	–	600	–	–	600
Mr. Wong Chun Chau (Note 1)	–	288	8	–	296
Ms. Kwok Yin Ning *(Chief Executive Officer)*	–	540	3	45	588
Mr. Mong Cheuk Wai (Note 2)	–	283	–	–	283
Independent non-executive directors					
Ms. Mak Yun Chu	120	–	–	–	120
Mr. Hung Wai Che	120	–	–	–	120
Mr. Leung Siu Kee	120	–	–	–	120
	360	1,711	11	45	2,127

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

The independent non-executive directors' emoluments shown above were for their service as directors of the Company.

Notes:

(1) Mr. Wong Chun Chau has retired as an executive director and the Chairman of the Company with effect from 4 October 2021.

(2) Mr. Mong Cheuk Wai has been appointed as an executive director of the Company with effect from 4 October 2021.

11. Directors' Remuneration and Five Highest Paid Employees *(Continued)*

(a) Directors' remuneration *(Continued)*

Directors' remuneration for the year ended 31 March 2021, as disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Emoluments	Fees HK$'000	Salaries and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive directors					
Mr. Wong Chun Chau *(Chairman)*	–	576	18	48	642
Ms. Kwok Yin Ning *(Chief Executive Director)*	–	540	18	45	603
Mr. Chen Jiajun (Note 1)	–	356	11	–	367
Independent non-executive directors					
Ms. Mak Yun Chu	120	–	–	–	120
Mr. Hung Wai Che	120	–	–	–	120
Mr. Leung Siu Kee	120	–	–	–	120
	360	1,472	47	93	1,972

Note:

(1) Mr. Chen Jiajun has been appointed as an executive director of the Company with effect from 28 August 2020.

The directors' and chief executive's emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office and none of them waived or has agreed to waive any emoluments (2021: Nil).

During the years ended 31 March 2022 and 2021, no share options were granted to directors.

11. Directors' Remuneration and Five Highest Paid Employees *(Continued)*

(b) Five highest paid employees

No directors included in the five highest paid employees of the Group during the year (2021: Nil). Detail of the remuneration for the year for the five highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 HK$'000	2021 HK$'000
Salaries, allowances and benefits in kind	**8,868**	7,381
Commissions	**–**	1,154
Discretionary bonus	**542**	–
Defined contribution and retirement benefit scheme contributions	**90**	87
	9,500	8,622

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

	2022 Number of employees	2021 Number of employees
HK$1,000,001–HK$1,500,000	**–**	1
HK$1,500,001–HK$2,000,000	**3**	3
HK$2,000,001–HK$2,500,000	**2**	1
	5	5

During the year, the five (2021: five) employees have not received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office.

12. Income Tax Expense

	2022 HK$'000	2021 HK$'000
Current tax expense		
Hong Kong Profits Tax	**1,899**	3,541
Over provision in prior years		
Hong Kong Profits Tax	**(185)**	–
Total income tax expense for the year	**1,714**	3,541

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Subsidiary in Denmark is subject to Denmark Corporation Tax at 22% for the year (2021: 22%). No provision has been made for Denmark corporate tax as the tax losses brought forward from previous year exceed the estimated assessable profits for the years.

The income tax expense for the year can be reconciled to the loss before tax as follows:

	2022 HK$'000	2021 HK$'000
Loss before tax	**(71,415)**	(4,899)
Tax at Hong Kong Profits Tax of 16.5% (2021: 16.5%)	**(11,783)**	(808)
Tax effect of income not taxable for tax purposes	**(8,737)**	(42)
Tax effect of expenses not deductible for tax purposes	**20,457**	1,621
Tax effect on tax concession	**(175)**	(175)
Tax effect on tax losses not recognised	**3,955**	4,931
Over provision in prior years	**(185)**	–
Utilisation of tax losses previously not recognised	**(2,603)**	(1,171)
Effect of different tax rates of group entities operating in other jurisdictions	**785**	(815)
Income tax expense for the year	**1,714**	3,541

13. Dividends

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

14. Loss Per Share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the loss attributable to owners of the Company for the year ended 31 March 2022 of HK$73,129,000 (2021: HK$8,440,000) and the weighted average number of 6,395,650,694 ordinary shares (2021: number of 4,849,629,735 ordinary shares) in issue during the year.

Diluted loss per share

No adjustment was made in calculating the diluted loss per share for both years ended 31 March 2022 and 2021 as there was no potential ordinary shares in issues outstanding.

15. Property, Plant and Equipment

	Land	Mink farm buildings	Leasehold improvements	Plant and machinery	Office equipment	Motor vehicle	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
COST							
At 1 April 2020	10,888	84,499	4,081	51,278	3,631	581	154,958
Additions	–	–	5,515	–	48	–	5,563
Write-off	–	–	(1,631)	–	–	–	(1,631)
Release from right-of-use assets	–	–	–	251	–	–	251
Exchange difference	785	6,096	–	3,701	–	42	10,624
At 31 March 2021 and 1 April 2021	11,673	90,595	7,965	55,230	3,679	623	169,765
Additions	–	–	936	–	80	–	1,016
Write-off	–	–	–	–	–	–	–
Exchange difference	(564)	(4,377)	–	(2,668)	–	(30)	(7,639)
At 31 March 2022	11,109	86,218	8,901	52,562	3,759	593	163,142
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 April 2020	–	27,110	3,454	41,115	1,859	577	74,115
Charge for the year	–	3,369	1,522	2,820	782	4	8,497
Eliminated on write-off	–	–	(1,573)	–	–	–	(1,573)
Release from right-of-use assets	–	–	–	188	–	–	188
Exchange difference	–	1,977	–	2,985	–	42	5,004
At 31 March 2021 and 1 April 2021	–	32,456	3,403	47,108	2,641	623	86,231
Charge for the year	–	3,812	2,191	2,336	671	–	9,010
Impairment loss recognised in profit or loss	–	53,735	–	5,704	–	–	59,439
Exchange difference	–	(3,785)	–	(2,586)	–	(30)	(6,401)
At 31 March 2022	–	86,218	5,594	52,562	3,312	593	148,279
CARRYING AMOUNTS							
At 31 March 2022	11,109	–	3,307	–	447	–	14,863
At 31 March 2021	11,673	58,139	4,562	8,122	1,038	–	83,534

15. Property, Plant and Equipment *(Continued)*

Land represents freehold land situated in Denmark. No depreciation is provided accordingly. All mink farm buildings are located on the freehold land situated in Denmark.

As at 31 March 2022, plant and machinery with amount before impairment of DKK5,612,000 (approximately HK$6,556,000) were pledged to secure banking facilities granted to the Group (2021: DKK7,391,000 (approximately HK$9,072,000)). Details of the assets pledged are disclosed in Note 36 to the consolidated financial statements.

As at 31 March 2021, the Group's mink farm buildings and plant and machinery under the fur segment are carried at DKK53,980,000 (approximately HK$66,261,000) after considering their recoverable amount, having regard to the change in market conditions in Denmark after the outbreak of COVID-19. The recoverable amount of the mink farm buildings and plant and machinery of the fur segment is the estimated value in use, which is estimated based on valuation techniques with significant unobservable inputs and assumptions of market conditions, and based on the valuation conducted by Graval Consulting Limited, an independent valuer and approved by the directors of the Company.

The valuation was arrived at by using cash flow projections based on the financial budgets covering a four-year period prepared by the management using the underlying assumption of terminal growth rate of 1%. A four-year forecast is considered appropriate for the fur segment, as it has taken into account the management's estimation of the impact of COVID-19 since January 2020, including the mink breeding suspension from November 2020 to December 2021, business recovery after resuming the mink farming activities, the availability of suppliers to supply sufficient mink livestock, the purchasing cost of mated females and males for breeding and the birth rate of minks. The pre-tax discount rate used in 2021 was 12.77%. Other key assumptions for the value in use calculation related to the financial forecast includes budget sales, based on quantity sold and level of skin price, operating expenses and discount rates applied to future cash flows. Such estimation is based on the past performance of the fur business and the management's expectations for market development.

As at 31 March 2021, no impairment is considered necessary for the mink farm buildings and plant and machinery as their value in use exceeds their carrying amount.

During the year, the Danish government has extended the mink breeding ban until end of 2022 and no exact date for lifting the ban of resuming the breeding business from the COVID-19. The management has considered all the situations and recognised impairment loss of DKK48,920,000 (approximately HK$59,439,000) for the plant and machinery and mink farm buildings is situated in Denmark for the year ended 31 March 2022.

16. Right-of-Use Assets

	Leased premises HK$'000	Plant and equipment HK$'000	Total HK$'000
COST			
At 1 April 2020	15,699	236	15,935
Addition	8,000	–	8,000
Eliminated on expiration of lease term	(15,699)	–	(15,699)
Released to property, plant and equipment	–	(251)	(251)
Exchange difference	–	15	15
At 31 March 2021 and 1 April 2021	8,000	–	8,000
Eliminated on termination of lease term	(7,179)	–	(7,179)
At 31 March 2022	821	–	821
ACCUMULATED DEPRECIATION			
At 1 April 2020	13,284	129	13,413
Charge for the year	3,954	51	4,005
Reversed on expiration of lease term	(15,699)	–	(15,699)
Released to property, plant and equipment	–	(188)	(188)
Exchange difference	–	8	8
At 31 March 2021 and 1 April 2021	1,539	–	1,539
Charge for the year	2,803	–	2,803
Reversed on termination of lease term	(3,589)	–	(3,589)
At 31 March 2022	753	–	753
NET CARRYING AMOUNT			
At 31 March 2022	68	–	68
At 31 March 2021	6,461	–	6,461

16. Right-of-Use Assets *(Continued)*

	2022 HK$'000	2021 HK$'000
Expense relating to short-term leases	**6,240**	4,728
Expense relating to leases of low-value assets	**5**	25
Total cash outflow for leases on right-of-use assets	**3,244**	3,584
Total cash outflow for leases	**9,489**	8,337

For both years, the Group leased various offices and plant and equipment for its operations. Lease contracts are entered into with terms of 24 months to 36 months (2021: 24 months to 36 months).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for offices and plant and equipment. As at 31 March 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term leases expense disclosed above.

17. Goodwill

	2022 HK$'000	2021 HK$'000
COST		
At beginning and end of the year	**202,783**	202,783
ACCUMULATED IMPAIRMENT		
At beginning and end of the year	**95,969**	95,969
CARRYING AMOUNT		
At end of the year	**106,814**	106,814

17. Goodwill *(Continued)*

Impairment testing on Goodwill

Goodwill is assessed for impairment annually irrespective of whether there is any indication of impairment.

At the end of the reporting period, the carrying amount of goodwill represents goodwill arising from the acquisition of:

	2022	2021
	HK$'000	HK$'000
Securities segment	**106,814**	106,814

For the purpose of impairment testing, the recoverable amounts of the CGU are determined by value in use calculations. The key assumptions for the value in use calculations are those regarding the financial forecast approved by management covering a 5-year period and discount rates.

Securities segment

The recoverable amount of this CGU has been determined based on a value-in-use calculation. The calculation uses cash flow projection based on financial forecast prepared by management covering a 5-year period, and pre-tax discount rate of 12.46% (2021: 12.03%). Cash flows beyond the 5-year period are extrapolated using a long term 3% (2021: 3%) growth rate. This growth rate is based on historical GDP and inflation rate. Other key assumptions for the value in use calculation related to the estimation of financial forecast includes budget revenue and operating expenses. Such estimation is based on the past performance of the securities business and the management's expectations for market development.

The valuation was performed by an independent valuer, not connected to the Group. With reference to the valuation, the management of the Group has reviewed the recoverable amount of the CGU the goodwill is allocated to, no impairment loss was recognised in consolidated statement of profit or loss for the years ended 31 March 2021 and 2022.

18. Intangible Asset

The intangible asset represents trading rights that confer eligibility of the Company to trade on The Stock Exchange of Hong Kong Limited. The trading rights is considered by the management as having an indefinite useful life since it is expected to contribute net cash inflows to the Company indefinitely and therefore, it is required to be tested for impairment annually and it will not be amortised until its useful life is determined to be finite.

The management believes that any reasonable possible change in any assumption of the carrying amount of the intangible asset would not exceed the recoverable amount. At the end of reporting period, the management determined that there is no impairment of its trading rights.

19. Investment in an associate

	2022 HK$'000	2021 HK$'000
Cost of investment in an associate	10,100	–
Gain on bargain purchase	5,578	–
Share of post-acquisition loss	(30)	–
	15,648	–

Particulars of the material associate of the Group, which was incorporated and operates in Hong Kong, are as follows:

Name	Proportion of ownership interest and voting right held by the Group 2022	 2021	Principal activities
Sky Asia Construction Engineering Limited ("Sky Asia")	49%	–	Investment holding

The Group's shareholding in Sky Asia is held through a subsidiary of the Company.

Investment in associate is accounted for using the equity method.

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

19. Investment in an associate *(Continued)*

	2022 HK$'000
Current assets	16,508
Non-current assets	30,022
Current liabilities	(14,594)
Net assets	31,936
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	49%
Group's share of net assets of the associate	15,648
Carrying amount of the investment	15,648
Revenue	236
Loss and total comprehensive loss for the period	(60)

20. Financial Assets at Fair Value Through Profit or Loss

	2022 HK$'000	2021 HK$'000
Unlisted funds (Note a)	78,497	22,278
Equity securities listed in Hong Kong	70	–
Unlisted convertible debt securities in Hong Kong (Note b)	48,153	–
	126,720	22,278

20. Financial Assets at Fair Value Through Profit or Loss *(Continued)*

Notes:

(a) These represent interests in unlisted funds. The financial assets are measured at fair value and was categorised as level 2 in the fair value hierarchy. Details of which are disclosed in Note 42 to the consolidated financial statements.

The Group has invested in four (2021: two) private equity funds as a limited partner:

(i) Kingkey Global Equity I Fund SP ("Kingkey Fund"), a segregated portfolio registered with the United States Internal Revenue Service. The Kingkey Fund invested in a wide range of instruments including, but not limited to, listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, debt securities and obligations (which may be below investment grade), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. As at 31 March 2022, the investment portfolio of Kingkey Fund were entities listed on The Stock Exchange of Hong Kong which accounted for approximately 84.45% of the net assets value of Kingkey Fund.

(ii) Long Roll Absolute Return Fund SP ("Return Fund"), a segregated portfolio registered with the United States Internal Revenue Service. The Return Fund invested in a wide range of instruments including, but not limited to, listed and unlisted equities, preferred stocks, convertible securities, equity-related instruments, debt securities and obligations (which may be below investment grade), currencies, commodities, futures, options, warrants, swaps and other derivative instruments. As at 31 March 2022, 100% of the net assets value of Return Fund was cash in bank.

(iii) Innovest Special Opportunities SP ("SP"), a segregated portfolio registered with the United States Internal Revenue Service. The Segregated Portfolio is to seek high total investment return by providing a high level of current income and the potential for capital appreciation over a three-year time horizon, and to provide a guaranteed return equal to a fixed annualized non-compounding appreciation of six percent per annum during the initial eighteen months from the end of the Initial Offering Period. As at 31 March 2022, the investment portfolio of SP were entities listed on The Stock Exchange of Hong Kong which accounted for approximately 38.92% of the net assets value of SP and 58.41% of net assets value were loan to a company.

(iv) Privilege Global Absolute Return Fund ("Privilege Global"), an exempted company incorporated with limited liability under the laws of the Cayman Islands. The Privilege Global invested in entering contracts or bills with financial companies, fixed income fund mortgage fund is in Hong Kong and fixed income debt securities issued by listed companies in Hong Kong. As at 31 March 2022, the investment portfolio of Privilege Global were loan to financial company which accounted for approximately 100% of the net assets value of Privilege Global.

(b) During the year ended 31 March 2022, the Group acquired convertible bonds with principal amounts of HK$50,000,000 ("CB") issued by Sinopharm Tech Holdings Limited ("Sinopharm"), a company incorporated in the Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (Stock code: 8156), an independent third party, at a consideration of HK$50,000,000 satisfied by cash. The CB are unsecured, bearing interest at 7% and will mature on 19 February 2023. The CB entitles the Group to convert into ordinary shares of Sinopharm at any time for the period commencing on 18 months after the date of issue of the CB to 7 days immediately preceding the maturity date on 19 February 2023 at a conversion price of HK$0.29 per ordinary shares of Sinopharm. Sinopharm is principally involved in manufacturing and sale of personal protective equipment and consumables in Hong Kong. As the CB contain an embedded derivative which is the conversion option, the CB was designated by the management of the Group as financial assets at fair value through profit or loss.

20. Financial Assets at Fair Value Through Profit or Loss *(Continued)*

Notes: *(Continued)*

(c) The fair values of the listed securities are determined based on the quoted market bid prices at the end of each reporting period.

	2022 HK$'000	2021 HK$'000
Analysed for reporting purposes as:		
Current assets	**49,591**	2,459
Non-current assets	**77,129**	19,819
	126,720	22,278

21. Financial Assets at Fair Value Through Other Comprehensive Income

	2022 HK$'000	2021 HK$'000
Equity securities listed in Hong Kong (Notes a, b)	**3,250**	4,900

Notes:

(a) The fair values of listed securities are based on quoted closing prices available on The Stock Exchange of Hong Kong Limited as at the end of the reporting period.

(b) These investments are held for long-term strategic purposes. The directors of the Company have elected to designate these investments in financial assets at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

At initial recognition, the management made an irrevocable election to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends income from such investments continue to be recognised in profit or loss as "other income" when the Group's rights to receive payments is established.

22. Biological Assets

Movements of the biological assets are as follows:

	Mated females HK$'000	Males for breeding HK$'000	Total HK$'000
At 1 April 2020	6,530	184	6,714
Increase due to raising (Feeding cost and others)	3,308	3,846	7,154
Transferred to inventory	(6,561)	(363)	(6,924)
Write-off due to COVID-19 pandemic (Note)	(3,705)	(3,677)	(7,382)
Exchange difference	428	10	438
At 31 March 2021, 1 April 2021 and 31 March 2022	–	–	–

Note: In early November 2020, the Danish government found that minks carried the COVID-19 virus and therefore, the government instructed that all minks within the country be culled and banned mink breeding until end of 2021. As a result, all the mink in the Group were culled accordingly.

23. Inventories

	2022 HK$'000	2021 HK$'000
Trading goods		
– Pelted skins	**66,892**	76,041

During the year, an amount of HK$Nil (2021: HK$6,924,000) was transferred from biological assets to inventories.

23. Inventories *(Continued)*

All of the inventories are carried at lower of cost or net realisable value as at 31 March 2022 and 2021 respectively.

	2022 **HK$'000**	2021 HK$'000
Carrying amount of inventories sold	**5,695**	12,501
Reversal of inventories	**–**	(12,207)
	5,695	294

The reversal of write-down of inventories arose due to an increase in the estimated net realisable value of certain products as a result of change in market condition and sales of certain products which had been written down to net realisable value in prior years.

As at 31 March 2022, inventories of DKK57,261,000 (approximately HK$66,892,000) were pledged to secure banking facilities granted to the Group (2021: DKK61,948,000 (approximately HK$76,041,000)). Details of the assets pledged are disclosed in Note 36 to the consolidated financial statements.

24. Trade and Other Receivables, Prepayments and Deposits

	2022 HK$'000	2021 HK$'000
Trade receivables from:		
Securities brokerage business (Note a)		
– Cash clients	**197**	29,108
– Margin clients	**316,990**	229,303
– Clearing house	**9,767**	–
– Brokers	**359**	–
	327,313	258,411
Fur skins brokerage business (Note b)	**60**	53
Assets management business (Note c)	**2,239**	4,232
	329,612	262,696
Less: Provision for impairment of trade receivables	**(19,657)**	(13,046)
	309,955	249,650
Prepayments	**2,317**	1,934
Deposits (Note d)	**13,373**	6,043
Bond interest receivable	**1,750**	–
Other receivables (Note e)	**6,340**	1,933
	333,735	259,560
Analysis for reporting purpose as:		
Current assets	**320,767**	258,282
Non-current assets – deposits	**12,968**	1,278
	333,735	259,560

24. Trade and Other Receivables, Prepayments and Deposits *(Continued)*

Notes:

(a) The settlement terms of trade receivables arising from the business of dealing in securities are two days after the trade date.

Cash clients

Cash clients are required to place cash deposits as prescribed in the Group's credit policy before execution of any purchase transactions. For overdue receivables, the management ensures that the listed securities belonging to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

Margin clients

The Group maintains a list of approved securities held as collaterals for margin lending at a specified loan-to-collateral ratio. The credit facility limits granted to margin clients are determined by the discounted value of the securities collaterals accepted by the Group's management. A margin call may occur when the balances of the outstanding receivables from margin clients exceed the permitted margin loan limit, or when the discounted value of the collateral securities is less than the balances due from margin clients.

As at 31 March 2022, the fair value of the pledged securities held by the Group amounted to HK$822,175,000 (2021: HK$822,236,000).

Clearing house

Trade receivables from a clearing house represents outstanding balance pending to be settled arising from the business of dealing in securities, which are normally due within two trading days after the trade date.

(b) The Group allows a credit period ranging from 0 day to 120 days to its customers from the business of fur skin brokerage.

(c) The Group allows a credit period ranging from 0 day to 90 days to its customers from the business of assets management.

(d) The deposit included HK$11,700,000 (2021: Nil) for the deposit of the acquisition of a subsidiary, which classified as non-current assets.

(e) During the reporting period, there was Nil (2021: HK$5,102,000) provision for impairment on other receivable recognised in profit or loss.

24. Trade and Other Receivables, Prepayments and Deposits *(Continued)*

The aging analysis of the Group's trade receivables from the business of securities, net of allowance for ECL, are as follows:

	2022 **HK$'000**	2021 HK$'000
Margin clients balances:		
No due date	**297,333**	216,257
Cash clients balances:		
Neither past due nor impaired	**–**	433
Past due but not impaired	**197**	28,675
	197	29,108
Other balances:		
Neither past due nor impaired	**9,767**	–
Past due but not impaired	**359**	–
	10,126	–
	307,656	245,365

Provision of ECL allowance of trade receivables from the business of securities is as follow:

	2022 **HK$'000**	2021 HK$'000
Balance at beginning of the year	**13,046**	14,496
Provision for impairment under ECL	**16,986**	1,421
Recovery during the year	**(10,375)**	(2,871)
Balance at end of the year	**19,657**	13,046

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted and subsequent settlement after the end of the reporting period. In the opinion of the directors of the Company, there is no further credit provision required in excess of the allowance for ECL.

Details of impairment assessment of securities business for prior and current year are set out in "Financial risk management objectives and policies" in Note 42 to the consolidated financial statements.

24. Trade and Other Receivables, Prepayments and Deposits *(Continued)*

The aging analysis of the Group's trade receivables from the business of fur skin brokerage, net of allowance for ECL, based on invoice dates are as follows:

	2022 **HK$'000**	2021 HK$'000
0–60 days	**60**	53

Trade receivables from the business of fur skin brokerage that were neither past due nor impaired related to customers for whom there is no recent history of default.

The aging analysis of the Group's trade receivables from the business of assets management, net of allowance for ECL, based on invoice dates are as follows:

	2022 **HK$'000**	2021 HK$'000
0–60 days	**1,478**	3,595
61–90 days	**–**	27
Over 90 days	**761**	610
	2,239	4,232

The aging analysis of the Group's trade receivables from the business of assets management which are past due but not impaired are as follows:

	2022 **HK$'000**	2021 HK$'000
Overdue by:		
1–30 days	**–**	27
31–90 days	**–**	27
Over 90 days	**761**	556
	761	610

24. Trade and Other Receivables, Prepayments and Deposits *(Continued)*

Receivables were related to customers for whom there was no recent history of default. As at 31 March 2022, the Group has assessed the recoverability of the receivables that were past due and considered any change in the credit quality of the trade receivables from the date when credit was initially granted and subsequent settlement after the end of the reporting period. In the opinion of the directors of the Company, no allowance for ECL has been recognised because there has not been a significant change in credit quality of these debtors and the amounts are still considered recoverable based on the good payment record of the customers and subsequent settlement after the end of the reporting period.

25. Loan Receivables

	2022 **HK$'000**	2021 HK$'000
Loans from money lending business – unsecured	**69,621**	29,869
Loans from money lending business – secured	**176,762**	56,807
Interest receivables	**4,243**	4,560
	250,626	91,236
Less: Provision for impairment	**(2,154)**	(219)
	248,472	91,017
Analysed as		
Current	**230,223**	91,017
Non-current	**18,249**	–
	248,472	91,017

The Group offered a credit period ranging from 1 month to 3 years for the loans to its customers in money lending business with fixed interest rate ranging from 10% p.a. to 48% p.a. (2021: from 11% p.a. to 48% p.a.). The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance are reviewed regularly by the management.

25. Loan Receivables *(Continued)*

The following is an aging analysis of the Group's loan receivables by age, presented based on the due date and net of allowance for ECL at 31 March 2022 and 2021:

	2022 **HK$'000**	2021 HK$'000
No past due	**226,961**	48,454
Overdue by:		
1–30 days	**645**	32,111
31–60 days	**157**	311
61–90 days	**3**	311
Over 90 days	**20,706**	9,830
	248,472	91,017

Analysis of the ECL allowance of loan receivables is as follows:

	2022 **HK$'000**	2021 HK$'000
Balance at beginning of the year	**219**	–
Recovered during the year	**(140)**	–
Provision for the year	**2,075**	219
Balance at end of the year	**2,154**	219

Details of impairment assessment of loan receivables for prior and current year are set out in "Financial risk management objective and policies" in Note 42 to the consolidated financial statements.

26. Bank Balances Held on Behalf of Clients

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its securities business. The Group has classified clients' monies as bank balances held on behalf of clients under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use clients' monies to settle its own obligations.

27. Pledged Bank Deposits/Bank Balances and Cash

As at 31 March 2022, pledged bank deposits represent the Group's security given to banks for facilities granted to a wholly owned subsidiary. The pledged bank deposits would be released within one year and therefore are classified as current assets. Details of assets pledged are disclosed in Note 36 to the consolidated financial statements.

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates ranging from 0.001% to 1.65% (2021: from 0.001% to 1%) per annum with an original maturity of three months or less.

28. Trade and Other Payables

	2022 **HK$'000**	2021 HK$'000
Trade payables from:		
Securities brokerage business (Note a)		
– Cash clients	**38,146**	28,476
– Margin clients	**203,731**	159,382
– Clearing house	**–**	6,870
	241,877	194,728
Insurance brokerage business (Note b)	**5,699**	5,003
	247,576	199,731
Other payables:		
Accruals	**3,835**	3,453
Corporate bonds interest payable	**1,658**	1,593
Other loan interest payable	**8**	86
Value-added tax payable	**–**	1,979
Other operating expenses payable	**421**	571
Others	**21**	11
	253,519	207,424

28. Trade and Other Payables *(Continued)*

Notes:

(a) Trade payables to securities clients represent the monies received from or payable to brokerage clients in respect of the trust and segregated bank balances received and held for clients in the course of conducting regulated activities. However, the Group does not have a currently enforceable rights to offset these payables with those balances receivables.

The trade payables from the securities business are normally settled within two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which is repayable on demand. The money held on behalf of clients at the segregated bank accounts carries interest at prevailing interest rate of 0.01% (2021: 0.01%) per annum.

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

Included in trade payables from margin clients, five of the margin clients claimed against for the cash balances with total sum of approximately HK$47.3 million in five margin accounts. Further details refer to Note 48 to the consolidated financial statements.

(b) Based on the invoice dates, aging analysis of trade payables from insurance brokerage business are as follows:

	2022 **HK$'000**	2021 HK$'000
0–60 days	**5,561**	3,498
61–90 days	**40**	978
91–120 days	**–**	–
Over 120 days	**98**	527
	5,699	5,003

29. Bank and Other Borrowings

	2022 HK$'000	2021 HK$'000
Revolving loans	**70,000**	35,000
Bank overdrafts	**24,330**	42,901
Loan from other creditor	**1,000**	1,000
	95,330	78,901

The bank overdrafts were charged at an interest rate of 4.5% (2021: 4.5%) per annum. Details of assets pledged to secure the bank borrowings are disclosed in Note 36 to the consolidated financial statements.

Revolving loans are repayable within one year from the draw down date and are interest bearing at Hong Kong Inter-bank Offered Rate ("HIBOR") plus 2.75% p.a. (2021: HIBOR plus 2.5% p.a.). As at year end, revolving loans are secured by personal guarantee from the father of Mr. Chen Jiajun and cash deposits of HK$35,000,000 (2021: HK$17,500,000). Father of Mr. Chen Jiajun is considered as related party of the Group, details of which are disclosed in Note 40(g) to the consolidated financial statements. Details of bank deposits pledged to secure the bank borrowings are disclosed in Note 36 to the consolidated financial statements.

The loan from other creditor was charged at an interest rate of 8% per annum and repayable within one year.

The amounts repayable as extracted from agreed repayment schedules were as follows:

	2022 HK$'000	2021 HK$'000
On demand or within one year	**95,330**	78,901

30. Lease Liabilities

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

	31 March 2022		31 March 2021	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within one year	**71**	**72**	2,944	3,244
In more than one year but not more than two years	**–**	**–**	2,873	3,028
In more than two years but not more than five years	**–**	**–**	1,527	1,550
	71	**72**	7,344	7,822
Less: Future finance charges		**(1)**		(478)
Present value of lease liabilities		**71**		7,344

The weighted average incremental borrowing rate applied to the lease liabilities is 5% (2021: 5%).

31. Amount due to a Director/Shareholder

The amounts due are unsecured, non-interest bearing and repayable on demand.

32. Corporate Bonds

At the end of the reporting period, corporate bonds were payable as follows:

	2022 HK$'000	2021 HK$'000
Maturity:		
Within one year	**96,717**	37,200
In more than one year but not more than two years	**41,309**	79,717
In more than two years but not more than five years	**17,582**	32,209
	155,608	149,126
Less: Amounts due for settlement within 12 months (shown under current liabilities)	**(96,717)**	(37,200)
Amounts due for settlement after 12 months (shown under non-current liabilities)	**58,891**	111,926

During the year, the Group has issued corporate bonds with aggregate amount of HK$20,700,000 and US$500,000 (approximately HK$3,882,000) (2021: HK$142,520,000 and US$850,000 (approximately HK$6,606,000)), with tenor of 1–3 years. The bonds were issued with effective interest rate ranging from 0% to 9%, which are payable either semi-annually or annually.

Both parties do not have the rights to exercise partial or full early redemption. No conversion rights were granted under the corporate bond agreements. Corporate bonds of HK$104,526,000 as at 31 March 2022 (2021: HK$121,626,000) were secured by personal guarantee from Mr. Chen Jiajun.

As at 31 March 2021, a corporate bond of HK$14,000,000 was held by Kingkey Investment Fund SPC – KKDF Selected Fund SP, which is wholly held by Mr. Chen Jiajun, as disclosed in Note 40 (e) and (f) to the consolidated financial statements.

As at 31 March 2022, a corporate bond of HK$14,000,000 was held by Mr. Chen Jiajun, as disclosed in Note 40 (e) and (f) to the consolidated financial statements.

33. Promissory Notes

	2022 HK$'000	2021 HK$'000
At beginning of the year	**–**	3,430
Redemption	**–**	(3,430)
	–	–

The promissory notes were issued by the Company in connection with the acquisition of the remaining 49% of total issued share capital of Kingkey Privilege Wealth Management Limited (formerly known as King Privilege Wealth Management Limited) ("KKWM") on 9 January 2020. The promissory notes represented total consideration for the acquisition. The promissory notes are non-interest bearing and payable on maturity in July 2020. The promissory notes has redeemed during the year ended 31 March 2021.

34. Deferred Taxation

The following are the major deferred tax liability and asset recognised by the Group and movements thereon during the current year and prior year:

	Value adjustment of biological assets and inventories HK$'000	**Accelerated tax depreciation** HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1 April 2020	1,150	1,201	(2,351)	–
Exchange difference	104	56	(160)	–
Charge to profit or loss	3,257	(4,952)	1,695	–
At 31 March 2021 and 1 April 2021	4,511	(3,695)	(816)	–
Exchange difference	(205)	272	(67)	–
Charge to profit or loss	(338)	(545)	883	–
At 31 March 2022	3,968	(3,968)	–	–

At the end of the reporting period, the Group has estimated unrecognised tax losses of HK$286,047,000 (2021: HK$277,848,000) to set off against future taxable income. No deferred tax asset is recognised in respect of such tax losses carried forward as the realisation of the related tax benefit through future taxable profits could not be reasonably assessed. The tax losses do not have expiry date under the current tax legislation. The Group had no material unprovided deferred tax liabilities at the end of the year of 2021 and 2022.

35. Share Capital

	Note	Number of ordinary shares of HK$0.01 each	HK$'000
Authorised:			
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022		10,000,000,000	100,000
Issued and fully paid:			
At 1 April 2020, 31 March 2021 and 1 April 2021		4,849,629,735	48,496
Placing of shares	(a)	1,875,000,000	18,750
At 31 March 2022		6,724,629,735	67,246

During the year ended 31 March 2022, the movements in the Company's share capital are as follows:

(a) On 4 June 2021, a total of 1,875,000,000 ordinary shares were issued upon placing at an aggregate consideration of HK$449,750,000 of which HK$18,750,000 was credited to share capital and the remaining balance of HK$429,000,000 was credited to the share premium account.

36. Pledge of Assets

The Group pledged plant and machinery with amount before impairment of DKK5,612,000 (approximately HK$6,556,000) and inventories of DKK57,261,000 (approximately HK$66,892,000) to secure banking facilities granted to the Group (2021: plant and machinery of DKK7,391,000 (approximately HK$9,072,000) and inventories of DKK61,948,000 (approximately HK$76,041,000)).

In addition, the Group has pledged bank deposits amounting to HK$35,000,000 (2021: HK$17,500,000) to secure banking facilities granted to a wholly owned subsidiary.

37. Share-based Payment Transactions

The Share Option Scheme adopted by the Company on 1 August 2012, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. It is a share incentive scheme and is established to recognise and motivate the contribution of the eligible participants and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any director, employee and any advisor or consultant who has contributed or is expected to contribute to the Group.

The total number of shares in respect of which share options may be granted under the Share Option Scheme ("Share Options") must not exceed 10% of the total number of issued shares of the Company as at 26 October 2018, the date which the number of shares which may be issued under the Share Option Scheme was refreshed.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant. Any further grant of options in excess of this 1% limit shall be subjected to the approval of shareholders in a general meeting.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant;

(ii) the average of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or

(iii) the nominal value of a share.

37. Share-Based Payment Transactions *(Continued)*

As at 31 March 2021 details of the share options granted under the Share Option Scheme are as follows:

	Date of grant	Exercise period	Exercise price HK$	At 1.4.2020	Granted during the year	Exercise during the year	Lapsed during the year	At 31.3.2021
Employee	20 September 2018	20 September 2018– 19 September 2020	0.253	100,800,000	–	–	(100,800,000)	–
Total				100,800,000	–	–	(100,800,000)	–

During the year ended 31 March 2021, all the remaining share options have been lapsed upon the expiry of option period.

Share Options granted on 20 September 2018

The fair value of the options granted on 20 September 2018 was determined by an independent third party, Graval Consulting Limited, by using Binomial Option Pricing Model, the assumptions used to determine the value for the share options were as follows:

Vesting period	Underlying share value	Exercise multiple Note a	Risk free rate Note b	Volatility Note c	Forfeit rate Note d	Dividend yield Note e
Nil	HK$0.04685	1.983	2.1%	37.36%	Nil	Nil

Notes:

(a) Trigger multiple early exercise of options and is based on historical early exercise period.

(b) Risk free rate represents the yields to maturity of Hong Kong Exchange Fund Bills and Notes Yield.

(c) Volatility referred to the historical volatility of comparable companies.

(d) Forfeit rate is the time to maturity of the financial instrument.

(e) Dividend yield was based on the dividend track record and management's forecast.

The fair value of the options granted amounted to HK$4,723,000 which was charged to profit or loss on the date of grant.

38. Share Award Scheme

On 14 September 2018 (the "Adoption Date"), the Company has entered into a trust deed (the "Trust Deed") with Core Pacific-Yamaichi International (H.K.) Nominees Limited (the "Trustee") to set up a trust for the share award scheme (the "Scheme") and the Trustee will exercise its powers to purchase Shares to be held upon the Trust pursuant to the rules relating to the Scheme Rules and the Trust Deed. To the best of knowledge of the Directors, information and belief, after having made all reasonable enquiries, the Trustee and its ultimate beneficial owners are independent third parties of the Company and its connected persons under the definitions of Chapter 14 of the Listing Rules.

Pursuant to the terms of the Scheme, the remuneration committee of the Company ("Remuneration Committee") and the Board shall determine the number of Shares to be purchased by the Trustee out of cash paid by the Company by way of settlement to the Trustee (the "Awarded Shares") awarded by the Board to be awarded to the employees selected by the Remuneration Committee and the Board (the "Selected Employees"). Subject to the absolute discretion of the Board, the Awarded Shares (where the Board has determined such number pursuant to the terms of the Scheme) shall be acquired by the Trustee from open market by utilising the Company's resources provided to the Trustee.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required to adopt the Scheme.

The purposes of the Scheme are to recognise the contributions by the Selected Employees and give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Subject to any early termination as may be determined by the Board pursuant to the terms of the Scheme, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

The Remuneration Committee and the Board shall not make any further award of Shares which will result in the aggregate number of Shares awarded by the Board throughout the duration of the Scheme to be in excess of 5% of the issued share capital of the Company as at the Adoption Date. The maximum aggregate number of the Awarded Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. As at the date of the Adoption Date, the number of issued Shares of the Company is 4,615,489,735 Shares.

Detail of Scheme were set out in the Company's announcement dated 14 September 2018.

38. Share Award Scheme *(Continued)*

During the year ended 31 March 2022, the directors resolved to contribute HK$4,978,000 to the Scheme, pursuant to which the Trustee to purchase 9,050,000 shares in the Company for the benefits of certain employees and members of the management of the Group. The Trustee purchased a total of 9,050,000 shares in the Company on the Stock Exchange and no Awarded Shares have been granted to Selected Employees.

Movements of Awarded Shares purchased are as follows:

	Number of shares purchased '000	Cost of Purchase HK$'000
At 1 April 2021	–	–
Shares purchased from the market during the year	9,050	4,978
At 31 March 2022	9,050	4,978

39. Retirement Benefit Plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme was to make the required contributions under the scheme. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employee's relevant income subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The total cost recognised in profit or loss of HK$1,002,000 (2021: HK$1,108,000) represent contributions paid to the MPF Scheme by the Group in respect of the current year.

Pursuant to the relevant labour rules and regulations in Denmark, the Group participates in a pension fund scheme organised by the local government, whereby the Group is required to make contributions to the pension fund scheme at certain percentage of the employees' relevant basic salaries.

The total cost recognised in profit or loss of DKK70,000 (approximately HK$85,000) (2021: DKK266,000 (approximately HK$324,000)) represent contributions paid to the pension fund scheme by the Group in respect of the current year.

40. Related Party Transactions

(a) Transactions with related parties

During the year, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the directors of the Company.

Name of related party	Nature of transaction	2022 HK$'000	2021 HK$'000
Universal Apparel Limited (Notes 1, 5)	Rental expenses of premise	–	(456)
Kingkey Enterprise Hong Kong Limited and KK Culture Holdings Limited (Notes 2, 3, 4, 5)	Rental expenses of premise and utilities expenses	(5,990)	(5,180)
Kingkey Enterprise Hong Kong Limited and KK Culture Holdings Limited (Notes 3, 4)	Utilities income	26	9
Easy Sino Investments Limited (Note 6)	Rental and utilities income	700	1,687

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follow:

	2022 HK$'000	2021 HK$'000
Short-term benefits	4,909	5,045
Post-employment benefits	47	82
	4,956	5,127

The remuneration of directors and key executives is determined by the Board and reviewed by the remuneration committee having regard to the performance of individuals and market trends.

40. Related Party Transactions *(Continued)*

(c) Amount due from (to) related companies

The analysis of amount due from related companies is as follow:

Name of related companies	**Maximum balance outstanding during the year** HK$'000	**2022** **HK$'000**	2021 HK$'000
Easy Sino Investments Limited (Notes 6, 8)	2,723	**2,723**	2,023
KK Culture Holdings Limited (Notes 4, 8)	2	**2**	–
Kingkey Enterprise Hong Kong Limited (Notes 3, 8)	2	**2**	–
Sun Long Investment Management Limited (Notes 7, 8)	63	**63**	63
Sun Long Fund SPC (Notes 7, 8)	266	**266**	266
		3,056	2,352

The analysis of amount due to a related company is as follow:

Name of related company	**2022** **HK$'000**	2021 HK$'000
KK Culture Holdings Limited (Notes 4, 8)	**–**	1,107

40. Related Party Transactions *(Continued)*

(c) Amount due from (to) related companies *(Continued)*

Notes:

(1) Universal Apparel Limited is wholly owned by Mr. Wong Chun Chau.

(2) The transaction also constituted a continuing connected transaction or connected transaction under the Listing Rules.

(3) Kingkey Enterprise Hong Kong Limited is wholly owned by Mr. Chen Jiarong, brother of Mr. Chen Jiajun, who is considered as a related company to the Group.

(4) Mr. Chen Jiajun is the substantial shareholder of KK Culture Holdings Limited. Therefore, KK Culture Holdings Limited is considered as a related company of the Group.

(5) The amounts were actual amounts paid to the related parties.

(6) Mr. Chen Jiajun is the indirect substantial shareholder of Easy Sino Investments Limited. Therefore, Easy Sino Investments Limited is considered as a related company of the Group.

(7) Sun Long Investment Management Limited and Sun Long Fund SPC are wholly owned by Mr. Chen Jiajun and therefore, they are considered as related companies to the Group.

(8) All amounts are unsecured, interest free and repayable on demand.

(d) Transfer of property, plant and equipment

During the year ended 31 March 2021, a wholly owned subsidiary of the Group transferred a leasehold improvement of HK$2,910,000 from KK Culture Holding Limited of which Mr. Chen Jiajun is the substantial shareholder.

(e) Personal guarantee for corporate bonds

Corporate bonds of HK$104,526,000 as at 31 March 2022 (2021: HK$121,626,000), as disclosed in Note 32 to the consolidated financial statements, were secured by personal guarantee from Mr. Chen Jiajun.

40. Related Party Transactions *(Continued)*

(f) Corporate bond holder

As at 31 March 2022, a corporate bond of HK$14,000,000 was held by Mr. Chen Jiajun, as disclosed in Note 32 to the consolidated financial statements.

As at 31 March 2021, a corporate bond of HK$14,000,000 was held by Kingkey Investment Fund SPC – KKDF Selected Fund SP, which is wholly held by Mr. Chen Jiajun, as disclosed in Note 32 to the consolidated financial statements.

(g) Personal guarantee and pledge of assets for bank borrowing

Bank borrowings of HK$70,000,000 (2021: HK$35,000,000) were secured by personal guarantee from the father of Mr. Chen Jiajun and cash deposits of the Group of HK$35,000,000 (2021: HK$17,500,000), details of which are disclosed in Note 29 to the consolidated financial statements.

41. Capital Risk Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. The Group's overall strategy remained unchanged as compared to that in prior year.

The capital structure of the Group consists of net debts, which includes bank and other borrowings and corporate bonds, disclosed in Notes 29 and 32 to the consolidated financial statements respectively, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, share premium and reserves.

The directors of the Company review the capital structure periodically. The directors of the Company consider the cost of capital and the risks associated with each class of capital will balance its overall capital structure through the payment of dividends, issuance of new shares as well as issuance of new debts or redemption of existing debts. No changes were made in the objectives, policies or processes as compared to those in prior years.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries which are regulated entities under the SFO and subject to the relevant minimum paid-up share capital and minimum liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). The management closely monitors, on a daily basis, the capital level of these entities to ensure compliance with the minimum capital requirements under the SF(FR)R.

41. Capital Risk Management *(Continued)*

The management calculated the gearing ratio at the year ended as follows:

	2022 HK$'000	2021 HK$'000
Total borrowings:		
Bank and other borrowings	**95,330**	78,901
Corporate bonds	**155,608**	149,126
	250,938	228,027
Total equity	**790,291**	425,826
Gearing ratio	**31.75%**	53.55%

42. Financial Risk Management Objectives and Policies

Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at FVTPL	**126,720**	22,278
Financial assets at FVTOCI	**3,250**	4,900
Financial assets at amortised cost:		
– Trade and other receivables and deposits (excluding prepayment)	**319,718**	257,626
– Loan receivables	**248,472**	91,017
– Amounts due from related companies	**3,056**	2,352
– Pledged bank deposits	**35,000**	17,500
– Bank balances held on behalf of clients	**234,840**	198,992
– Bank balances and cash	**124,448**	45,626
	1,095,504	640,291

42. Financial Risk Management Objectives and Policies *(Continued)*

Categories of financial instruments *(Continued)*

	2022 HK$'000	2021 HK$'000
Financial liabilities		
Financial assets at amortised cost:		
– Trade and other payables	**253,519**	207,424
– Amount due to a director	**3,765**	24,864
– Amount due to a shareholder	**11,000**	11,000
– Amount due to a related company	**–**	1,107
– Bank and other borrowings	**95,330**	78,901
– Lease liabilities	**71**	7,344
– Corporate bonds	**155,608**	149,126
	519,293	479,766

Financial risk management objectives and policies

The Group's major financial instruments include items disclosed above under section "Categories of financial instruments". Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

42. Financial Risk Management Objectives and Policies *(Continued)*

Market risk

(a) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to trade receivables arising from cash and margin clients, bank balances, trade payables to cash and margin clients and bank borrowings at 31 March 2022. The Group's cash flow interest rate risk is mainly related to the fluctuation of prevailing rate quoted by the banks arising from the Group's interest-bearing financial instruments. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is not exposed to fair value interest rate risk in relation to the fixed-rate corporate bonds, loan receivables, unlisted convertible debt securities, other borrowing and lease liabilities. The management will monitor its exposure periodically.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bearing financial instruments. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 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.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax result for the year ended 31 March 2022 would increase/decrease by HK$1,322,000 (2021: increase/decrease by HK$1,359,000).

42. Financial Risk Management Objectives and Policies *(Continued)*

Market risk *(Continued)*

(b) Foreign currency risk

The Group carries out its fur skin brokerage business and mink farming business in Denmark and most of the transactions are denominated in US$ and DKK, while business of assets management, securities, insurance brokerage and money lending are carried out mainly in Hong Kong and all the transactions are entered in HK$ primarily. Hence, mainly the sales and purchases transactions in relation to the business of fur skin brokerage and mink farming expose the Group to foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. The management of the Group may enter into foreign currency forward contracts to hedge the exposure to foreign currency risk. As the HK$ is pegged to the US$, the Group considers the risk of movements in exchange rates between the HK$ and the US$ to be insignificant.

At the end of the reporting period, the carrying amount of the Group's monetary assets and monetary liabilities denominated in currencies other than the functional currency of the Company are as follows:

	Assets		Liabilities	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
DKK	**381**	203	**–**	–
US$	**38,294**	28,355	**(10,605)**	(7,134)
EUR	**–**	111	**(8)**	(155)
RMB	**87**	124	**(1)**	–

As HK$ is pegged to the US$, the Group does not have material exchange rate risk on such currency. As at 31 March 2022 and 2021, the net exposure of assets and liabilities to EUR, RMB and DKK are considered as minimal due to the insignificance in amount. Accordingly, the directors consider that no sensitivity analysis is required.

42. Financial Risk Management Objectives and Policies *(Continued)*

Market risk *(Continued)*

(c) Equity price risk

The Group is exposed to equity price risk through its investments which are classified as financial assets at FVTPL and FVTOCI with the underlying assets are listed equity securities. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the quoted closing prices in active market of the listed equity securities or fair value of the unlisted investments. The Group's listed investments are listed on the Stock Exchange. Listed investments held in the portfolio have been chosen based on their longer-term growth potential and are monitored regularly for performance against expectations. The management manages this risk exposure by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis

For the year ended 31 March 2022, if the price of the equity instruments had been 5% (2021: 5%) higher/lower, the Group's post-tax profit would increase/decrease by HK$3,280,000 (2021: HK$930,000) as a result of the changes in fair value of financial assets at FVTPL, while the other comprehensive income would increase/decrease by HK$136,000 (2021: increase/decrease by HK$205,000) as a result of the changes in fair value of financial assets at FVTOCI.

Credit risk and impairment assessment

At the respective reporting dates, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The risk management department is responsible for developing and maintaining the processes for measuring ECL in accordance with the impairment requirements under HKFRS 9. ECL are assessed by the Group periodically. The Group applies simplified approach to measure ECL on trade receivables (except for trade receivables arising from margin clients); and general approach to measure ECL on trade receivables arising from margin clients, loan receivables, other receivables, deposits, pledged bank deposit, bank balance held on behalf of clients, bank balances and amounts due from related companies. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECL. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12m ECL, Stage 2: Lifetime ECL – not credit-impaired and Stage 3: Lifetime ECL – credit-impaired.

42. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Definition of Stage 1, Stage 2 and Stage 3 are as below:

Internal recognition credit rating	Description	Basis of ECL provision
Stage 1	There has not been a significant increase in credit risk since initial recognition and are not credit-impaired upon origination.	12m ECL
Stage 2	There has been a significant increase in credit risk since initial recognition but are not credit-impaired.	Lifetime ECL – not credit-impaired
Stage 3	There is objective evidence of impairment as at the reporting date.	Lifetime ECL – credit-impaired

The credit risk on pledged bank deposits, bank balances (including segregated account and house account) is limited because the counterparties are reputable bank located in Hong Kong and Denmark.

For the year ended 31 March 2022, the Group has concentration of credit risk where 25% (2021: 30%) and 52% (2021: 51%) of trade receivables were due from the Group's largest customer and three largest customers respectively. All the three largest customers are margin clients from securities business.

Fur skin brokerage business and mink farming business

In order to minimise the credit risk of trade receivables from fur skin brokerage business and mink farming business (collectively refer to the "fur business"), the management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

42. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Securities business

The credit risk from securities business is primarily attributable to trade receivables due from clients and clearing house without taking account of the value of any collateral obtained. The management of the regulated entity has a credit policy and a team to monitor the credit risk on an on-going basis.

In order to manage the credit risk on trade receivables due from clients, individual credit evaluation is performed on all clients including cash and margin clients. Trade receivables from cash clients are generally settled within two trading days after trade date. In order to minimise the credit risk, the regulated entity has put in place monitoring procedures to ensure that overdue debts are recovered promptly. Accordingly, the credit risk arising from the trade receivables due from cash clients is considered minimal.

For margin clients, the regulated entity normally obtains liquid securities and/or cash deposits as collateral based on the margin requirements. The margin requirement is closely monitored on a daily basis by the designated team. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by the management of the regulated entity on a daily basis. Margin calls and forced liquidation are made where necessary. In addition, the regulated entity reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the management of the Group considers that the credit risk arising from securities business is significantly reduced.

In respect of trade receivables from clearing house, credit risk is considered low as the regulated entity normally enters into transactions with a clearing house which is registered with a regulatory body.

42. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Securities business *(Continued)*

ECL allowance for trade receivable arising from margin clients

Analysis of the gross carrying amount of trade receivable arising from margin clients is as follows:

	12m Stage 1 HK$'000	Lifetime Stage 2 HK$'000	Lifetime Stage 3 HK$'000	Total HK$'000
As at 1 April 2020	161,493	–	97,081	258,574
Transfer to stage 1	73,986	–	(73,986)	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	(14,212)	–	14,212	–
Addition	56,394	–	1,023	57,417
Repayments	(74,322)	–	(12,366)	(86,688)
As at 31 March 2021 and 1 April 2021	203,339	–	25,964	229,303
Transfer to stage 1	16,309	–	(16,309)	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	(20,704)	–	20,704	–
Addition	134,631	–	5,846	140,477
Repayments	(48,175)	–	(4,615)	(52,790)
As at 31 March 2022	285,400	–	31,590	316,990

42. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Securities business *(Continued)*

ECL allowance for trade receivable arising from margin clients *(Continued)*

Analysis of the ECLs allowance for trade receivable arising from margin clients is as follows:

	12m Stage 1 HK$'000	Lifetime Stage 2 HK$'000	Lifetime Stage 3 HK$'000	Total HK$'000
Balance as at 1 April 2020	244	–	14,028	14,272
Transfer to stage 1	5,890	–	(5,890)	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	(22)	–	22	–
Recoveries	(100)	–	(2,547)	(2,647)
Net remeasurement of ECL arising from transfer of stage	(5,782)	–	7,128	1,346
New lending	75	–	–	75
Balance as at 31 March 2021 and 1 April 2021	305	–	12,741	13,046
Transfer to stage 1	12	–	(12)	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	(31)	–	31	–
Recoveries	(72)	–	(10,303)	(10,375)
Net remeasurement of ECL arising from transfer of stage	21	–	16,915	16,936
New lending	50	–	–	50
Balance as at 31 March 2022	285	–	19,372	19,657

ECL allowance for trade receivable arising from cash clients and clearing house

For the trade receivables arising from cash clients and clearing house, there has not been a significant increase in credit risk since its initial recognition and are not credit-impaired at the end of reporting period. For the year ended 31 March 2022, the Group assessed the ECL for trade receivable arising from cash clients, no impairment loss was recognised (2021: reversal of impairment loss of HK$224,000) in profit or loss.

42. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Assets management business

In order to minimise the credit risk of trade receivables from assets management business, the management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

ECL allowance for other receivables, deposits and amounts due from related companies

For other receivables, deposits and amounts due from related companies, the management of the Group makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also reasonable and supportive forward-looking information since initial recognition. For the year ended 31 March 2022, the Group assessed the ECL for other receivables, an impairment loss of Nil (2021: HK$5,102,000 under lifetime stage 3) was recognised in profit or loss and no movement of ECL allowance during the year. Other than this, the management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables, deposits and amounts due from related companies.

ECL allowance for pledged bank deposits, bank balance held on behalf of clients and bank balances

Credit risk on pledged bank deposits, bank balance held on behalf of clients and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by credit.

Money lending

In respect of loan receivables from clients, the objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. It is the Group's policy that all clients who wish to obtain loans from the Group are subject to management review. Receivable balances are monitored on an ongoing basis, the management makes periodic individual assessment on the recoverability of loans receivables based on creditworthiness of customers, historical payment records, the length of the overdue period, the financial strength of the debtors, loan-to-collateral ratio and any other qualitative factors and ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client rather than the industry or country in which the clients operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual clients. As at 31 March 2022, 24% (2021: 35%) and 58% (2021: 63%) of the total loan receivables due from clients were from the Group's largest client and the three largest clients respectively.

42. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

ECL allowance for loan receivables

Analysis of the gross carrying amount of loan receivable is as follows:

	12m Stage 1 HK$'000	Lifetime Stage 2 HK$'000	Lifetime Stage 3 HK$'000	Total HK$'000
As at 1 April 2020	15,000	–	–	15,000
Transfer to stage 1	–	–	–	–
Transfer to stage 2	(10,000)	10,000	–	–
Transfer to stage 3	–	–	–	–
Addition	79,813	39,949	–	119,762
Repayments	(39,825)	(3,701)	–	(43,526)
As at 31 March 2021 and 1 April 2021	44,988	46,248	–	91,236
Transfer to stage 1	–	–	–	–
Transfer to stage 2	(11,397)	11,397	–	–
Transfer to stage 3	(1,080)	(20,923)	22,003	–
Addition	–	205,044	116	205,160
Repayments	(32,511)	(13,259)	–	(45,770)
As at 31 March 2022	–	228,507	22,119	250,626

42. Financial Risk Management Objectives and Policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

ECL allowance for loan receivables *(Continued)*

Analysis of the ECLs allowance for loan receivables is as follows:

	12m Stage 1 HK$'000	Lifetime Stage 2 HK$'000	Lifetime Stage 3 HK$'000	Total HK$'000
As at 1 April 2020	–	–	–	–
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Net remeasurement of ECL arising from transfer of stage	–	82	–	82
New lending	104	33	–	137
As at 31 March 2021 and 1 April 2021	104	115	–	219
Transfer to stage 1	–	–	–	–
Transfer to stage 2	(37)	37	–	–
Transfer to stage 3	(4)	–	4	–
Net remeasurement of ECL arising from transfer of stage	–	15	819	834
New lending	–	1,241	–	1,241
Recovery	(63)	(77)	–	(140)
As at 31 March 2022	–	1,331	823	2,154

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensures sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long term.

At 31 March 2022, the Group has available banking facilities of approximately HK$100 million (2021: approximately HK$92 million) in which approximately HK$94 million were utilised. Details of bank borrowings are set out in Note 29 to the consolidated financial statements.

42. Financial Risk Management Objectives and Policies *(Continued)*

Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the agreed repayment date. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights.

	At 31 March 2022						
	Weighted average interest rate %	On demand HK$'000	Within 1 year HK$'000	1 year to 2 years HK$'000	3 years to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Financial liabilities							
Trade and other payables	–	253,519	–	–	–	253,519	253,519
Amount due to a director	–	3,765	–	–	–	3,765	3,765
Amount due to a shareholder	–	11,000	–	–	–	11,000	11,000
Bank and other borrowings	2.7–8.0	94,338	1,072	–	–	95,410	95,330
Lease liabilities	5.0	–	72	–	–	72	71
Corporate bonds	0.0–9.0	–	105,067	40,557	21,067	166,691	155,608
		362,622	106,211	40,557	21,067	530,457	519,293

	At 31 March 2021						
	Weighted average interest rate %	On demand HK$'000	Within 1 year HK$'000	1 year to 2 years HK$'000	3 years to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Financial liabilities							
Trade and other payables	–	207,424	–	–	–	207,424	207,424
Amount due to a director	–	24,864	–	–	–	24,864	24,864
Amount due to a shareholder	–	11,000	–	–	–	11,000	11,000
Amount due to a related company	–	1,107	–	–	–	1,107	1,107
Bank and other borrowings	4.5–8.0	77,909	1,007	–	–	78,916	78,901
Lease liabilities	5.0	–	3,244	3,028	1,550	7,822	7,344
Corporate bonds	0.0–9.0	–	42,325	83,724	32,420	158,469	149,126
		322,304	46,576	86,752	33,970	489,602	479,766

42. Financial Risk Management Objectives and Policies *(Continued)*

Fair value

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial asset/ Financial liability	Fair value as at 31.03.2022	Fair value as at 31.03.2021	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Financial assets at fair value through profit or loss	**Unlisted funds HK$78,497,000**	Unlisted funds HK$22,278,000	Level 2	Based on the net asset value with reference to the prices of underlying investment portfolio quoted by fund administrator. The investment portfolios of the fund are based on the quoted closing price in active market of listed equity securities.	N/A	N/A	N/A
	Listed Hong Kong equity securities HK$70,000	–	Level 1	Quoted bid prices in an active market.	N/A	N/A	N/A
	Unlisted convertible debt securities in Hong Kong HK$48,153,000	–	Level 3	Discount cash flow for the debt component and Binomial Option Pricing method for the option component.	Expected volatility	62.35%	The higher the expected volatility the higher the fair value, vice versa
					Discount rate	8.76%	The higher the discount rate the lower the fair value, vice versa
Financial assets at fair value through other comprehensive income	**Listed Hong Kong equity securities HK$3,250,000**	Listed Hong Kong equity securities HK$4,900,000	Level 1	Quoted bid prices in an active market.	N/A	N/A	N/A

There were no transfers between Level 1, 2 and 3 in both years.

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

43. Offsetting Financial Assets and Financial Liabilities

The Group currently has a legally enforceable rights to set off the trade receivables arising from clearing house, cash clients and margin clients and the trade payables to them respectively, and it intends to settle on a net basis.

For the trade receivable or payable to cash clients, they do not meet the criteria for offsetting in the consolidated statement of financial position since the rights of set-off of the recognised amounts is only enforceable following an event of default. If addition, the Group does not intend to settle the balances on a net basis.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities/set off in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral pledged	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2022						
Financial assets						
Trade receivables						
– Clearing house (Note 24)	15,030	5,263	9,767	–	–	9,767
– Cash clients (Note 24)	1,029	832	197	189	–	8
– Margin clients (Note 24)	323,608	6,618	316,990	–	161,452	155,538
– Brokers (Note 24)	359	–	359	–	–	359
	340,026	12,713	327,313	189	161,452	165,672
Financial liabilities						
Trade payables						
– Clearing house (Note 28)	5,263	5,263	–	–	–	–
– Cash clients (Note 28)	38,978	832	38,146	–	–	38,146
– Margin clients (Note 28)	210,349	6,618	203,731	–	–	203,731
	254,590	12,713	241,877	–	–	241,877

43. Offsetting Financial Assets and Financial Liabilities *(Continued)*

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements *(Continued)*

	Gross amounts of recognised financial assets/ liabilities HK$'000	Gross amounts of recognised financial liabilities/set off in the consolidated statement of financial position HK$'000	Net amounts presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position: Financial instruments HK$'000	Related amounts not set off in the consolidated statement of financial position: Financial collateral pledged HK$'000	Net amount HK$'000
As at 31 March 2021						
Financial assets						
Trade receivables						
– Clearing house (Note 24)	11,906	11,906	–	–	–	–
– Cash clients (Note 24)	29,297	189	29,108	29,101	–	7
– Margin clients (Note 24)	241,108	11,805	229,303	–	215,203	14,100
	282,311	23,900	258,411	29,101	215,203	14,107
Financial liabilities						
Trade payables						
– Clearing house (Note 28)	18,776	11,906	6,870	–	–	6,870
– Cash clients (Note 28)	28,665	189	28,476	–	–	28,476
– Margin clients (Note 28)	171,187	11,805	159,382	–	–	159,382
	218,628	23,900	194,728	–	–	194,728

44. Particulars of Principal Subsidiaries

(a) General information of subsidiaries

Name of subsidiaries	Place of incorporation	Paid up issued/ registered ordinary share capital HK$/US$/DKK	Percentage of equity attributable to the Company Direct	Indirect	Principal activities and place of operation
Loyal Speed Limited	British Virgin Islands	US$100	–	100%	Provision of fur brokerage and financing services/Hong Kong
Trade Region Limited	British Virgin Islands	US$2	100%	–	Investment holdings/Hong Kong
UKF (Denmark) A/S	Denmark	DKK500,000	–	100%	Mink farming/Denmark
Kingkey Finance Limited	Hong Kong	HK$1,000,000	100%	–	Money lending/Hong Kong
U.K. Fur Limited	British Virgin Islands	US$10,000	–	100%	Trading of fur skins/Hong Kong
Kingkey Management Limited	Hong Kong	HK$10,000	100%	–	Operating expense/Hong Kong
Pearl Bay Investments Limited	British Virgin Islands	US$1	100%	–	Investment holdings/Hong Kong
Kingkey Securities Group Limited	Hong Kong	HK$200,000,000	–	100%	Provision of securities brokerage service/Hong Kong
Apex Height Investments Limited	British Virgin Islands	US$1	–	100%	Investment holdings/Hong Kong
Kingkey Asset Management Limited	Hong Kong	HK$4,000,000	–	100%	Provision of asset management services/Hong Kong
Kingkey Capital Limited	Hong Kong	HK$1	–	100%	Investment holdings/Hong Kong
Noble Zenith International Limited	British Virgin Islands	US$1	100%	–	Investment holdings/Hong Kong
Affluent Range Limited	British Virgin Islands	US$1,335,000	–	100%	Investment holdings/Hong Kong

44. Particulars of Principal Subsidiaries *(Continued)*

(a) General information of subsidiaries *(Continued)*

Name of subsidiaries	Place of incorporation	Paid up issued/ registered ordinary share capital HK$/US$/DKK	Percentage of equity attributable to the Company Direct	Indirect	Principal activities and place of operation
Kingkey Privilege Wealth Management Limited	Hong Kong	HK$3,600,000	–	100%	Provision of wealth management services/Hong Kong
Kingkey Family Office Limited	Hong Kong	HK$10,000	–	100%	Inactive/Hong Kong
Kingkey Privilege Management Services Limited	Hong Kong	HK$1	–	100%	Operating expense/Hong Kong
Kingkey Investment Fund SPC	Cayman Islands	US$1	–	100%	Inactive/Cayman Islands

None of the subsidiaries had any debt securities outstanding at the end of the year.

(b) Acquisition of additional interests in subsidiaries

On 9 January 2020, the Group entered into a sale and purchase agreement with the non-controlling interests of subsidiaries in respect of the acquisition of 49% equity interest in KKWM and Affluent Range for a consideration of HK$3,430,000. The consideration was settled by issuing promissory notes of HK$3,430,000 which were payable within six months and at a cash consideration of HK$3 respectively. Amount of HK$1,432,000 (being the proportionate share of the carrying amount of the net assets of subsidiaries) has been reduced from non-controlling interests and the difference between the consideration paid and the carrying amount of the additional interests acquired by the Group of HK$1,998,000 was debited to equity as other reserve during the year. The effect of the acquisition on the equity attributable to the owners of the Company at the completion date is as follows:

	HK$'000
Carrying amount of non-controlling interests acquired	1,432
Consideration paid for non-controlling interests	(3,430)
Loss on acquisition recognised directly in equity	(1,998)

45. Statement of Financial Position and Reserves of the Company

	2022 HK$'000	2021 HK$'000
Non-current assets		
Plant and equipment	**5**	10
Investment in subsidiaries	**1,010**	8,210
Financial assets at fair value through other comprehensive income	**3,250**	4,900
Deposits	**11,700**	–
	15,965	13,120
Current assets		
Financial assets at fair value through profit or loss	**70**	–
Prepayment and other receivables	**407**	338
Amounts due from subsidiaries	**735,993**	438,989
Amounts due from related companies	**323**	323
Loan to a subsidiary	**28,463**	98,012
Bank balances and cash	**24,749**	5,262
	790,005	542,924
Current liabilities		
Other payable and accruals	**2,615**	2,029
Amounts due to subsidiaries	**34,953**	32,237
Amounts due to a shareholder	**11,000**	11,000
Loan from a subsidiary	**–**	58,500
Corporate bonds	**92,896**	36,735
	141,464	140,501
Net current assets	**648,541**	402,423
Total assets less current liabilities	**664,506**	415,543
Non-current liability		
Corporate bonds	**55,640**	103,229
	55,640	103,229
Net assets	**608,866**	312,314
Capital and reserve		
Share capital	**67,246**	48,496
Reserves	**541,620**	263,818
	608,866	312,314

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 23 June 2022 and are signed on its behalf by:

CHEN JIA JUN
DIRECTOR

KWOK YIN NING
DIRECTOR

45. Statement of Financial Position and Reserves of the Company *(Continued)*

Movement in the Company's reserves

	Share premium HK$'000	Shares held for Share Award Scheme HK$'000	Share-based payment reserve HK$'000	Investments revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2020	674,387	–	4,723	(5,050)	(366,979)	307,081
Loss for the year	–	–	–	–	(43,213)	(43,213)
Other comprehensive expense for the year						
Fair value changes of financial assets at fair value through other comprehensive income	–	–	–	(50)	–	(50)
Total comprehensive expense for the year	–	–	–	(50)	(43,213)	(43,263)
Share option lapsed	–	–	(4,723)	–	4,723	–
At 31 March 2021 and 1 April 2021	674,387	–	–	(5,100)	(405,469)	263,818
Loss for the year	–	–	–	–	(144,570)	(144,570)
Other comprehensive expense for the year						
Fair value changes of financial assets at fair value through other comprehensive income	–	–	–	(1,650)	–	(1,650)
Total comprehensive expense for the year	–	–	–	(1,650)	(144,570)	(146,220)
Issues of shares by placing	429,000	–	–	–	–	429,000
Purchase of shares under Share Award Scheme (note 38)	–	(4,978)	–	–	–	(4,978)
At 31 March 2022	1,103,387	(4,978)	–	(6,750)	(550,039)	541,620

46. Reconciliation of Liabilities Arising from Financing Activities

	Interest payables from financing activities	Bank and other borrowings	Leases liabilities	Amount due to a director	Amount due to a shareholder	Promissory notes	Corporate bonds	Total
		(Note 28)	(Note 29)	(Note 30)	(Note 30)	(Note 32)	(Note 31)	
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2020	1,232	82,336	2,708	21,000	15,000	3,430	48,218	173,924
Changes from financing cash flows:								
Raise	–	71,190	–	3,864	–	–	117,408	192,462
Repayments/Redemption	(7,539)	(77,990)	–	–	(4,000)	(3,430)	(16,500)	(109,459)
Capital element of lease rentals paid	–	–	(3,367)	–	–	–	–	(3,367)
Interest element of lease rentals paid	–	–	(217)	–	–	–	–	(217)
Other changes:								
New lease entered	–	–	8,000	–	–	–	–	8,000
Interest expenses	8,963	–	217	–	–	–	–	9,180
Exchange differences	–	3,365	3	–	–	–	–	3,368
At 31 March 2021 and 1 April 2021	2,656	78,901	7,344	24,864	11,000	–	149,126	273,891
Changes from financing cash flows:								
Raise	–	61,705	–	–	–	–	29,682	91,387
Repayments/Redemption	(12,944)	(43,865)	–	(21,099)	–	–	(23,200)	(101,108)
Capital element of lease rentals paid	–	–	(2,944)	–	–	–	–	(2,944)
Interest element of lease rentals paid	–	–	(300)	–	–	–	–	(300)
Other changes:								
Interest expenses	13,158	–	300	–	–	–	–	13,458
Termination of lease	–	–	(4,329)	–	–	–	–	(4,329)
Exchange differences	–	(1,411)	–	–	–	–	–	(1,411)
At 31 March 2022	2,870	95,330	71	3,765	11,000	–	155,608	268,644

47. Reclassification

Certain comparative figures have been reclassified to conform to the current year's presentation.

48. Litigation

During the period from 22 January 2021 to 29 January 2021, Kingkey Securities Group Limited ("KKSG"), a wholly-owned subsidiary of the Company received five writs of summons issued in High Courts of Hong Kong by five different margin clients of KKSG, which claimed against KKSG for the cash balances with total sum of approximately HK$54.3 million in the five margin accounts (which approximately HK$47.3 million were frozen and restricted from securities trading under the restriction notice issued by the regulator) and equity securities held as collateral of the respective five margin clients (the "Claims"), maintained with KKSG. The directors of the Company are of the view that the Claims have no merit.

The directors of the Company consider that no provision for the Claims is required as these margin clients had withdrawn approximately HK$7 million during the year ended 31 March 2021 and the remaining amounts of the Claims of approximately HK$47.3 million have already been recorded as liabilities in Note 28 to the consolidated financial statements.

49. Events After Reporting Period

(a) On 4 June 2021, the Company and the Great Return Group Limited has entered into the agreement to acquire 70% of issued equity of FGA Holding Limited at the total consideration of US$35 million (approximately HK$271.6 million), which shall be satisfied by the issue and allotment of up to 1,131,666,666 consideration shares at the issue price of HK$0.24 per consideration share. Further information are disclosed in the announcements published on 4 June 2021, 13 January 2022 and 28 February 2022. The acquisition has been completed on 6 June 2022.

(b) On 6 June 2022, the Company has signed subscription agreement with an independent third party – First Achiever Ventures Limited to subscribe 150 ordinary shares of First Achiever Ventures Limited at a total consideration of US$3,000,000 (approximately HK$23.4 million). The subscription has been completed on 6 June 2002.

(c) On 9 June 2022, the third reading of a bill for cancelling the Mandatory Provident Fund ("MPF") offsetting mechanism (the "Bill") was passed in the Legislative Council. After the Bill takes effect, employers can no longer offset employees' severance payments or long-service payments against the MPF derived from the employer's mandatory and voluntary contributions. The offsetting mechanism will be cancelled starting from 2025.

The matter mentioned above will have impact to the Group's provision for long service payments ("LSP"). Upon the MPF offsetting mechanism is cancelled, the Group can no longer deduct LSP from their portion of MPF contributions. The abolition of the offsetting arrangement has no retrospective effect.

As at the date of the issue of the financial statements, the exact effective date of the abolition is yet to be determined and the details arrangement is yet to be announced by the government. This is a non-adjusting event after the reporting period as the event did not relate to the obligation of the LSP at the end of the reporting period, but reflects the circumstances (i.e. the law) that have arisen subsequently.

The Group has already commenced an assessment of the impact of the Bill to the Group. The Group is not yet in a position to state whether the abolishment of the MPF offsetting mechanism will result in a substantial change to the Group's financial statements.

FINANCIAL SUMMARY

For the year ended 31 March 2022

Results

	For the years ended 31 March				
	2018	2019	2020	2021	**2022**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	200,268	113,546	125,041	148,642	**127,041**
Loss before tax	(543)	(88,808)	(70,729)	(4,899)	**(71,415)**
Income tax expense	(7,366)	(397)	(151)	(3,541)	**(1,714)**
Loss for the year	(7,909)	(89,205)	(70,880)	(8,440)	**(73,129)**
Loss for the year attributable to:					
Owners of the Company	(6,710)	(85,782)	(70,314)	(8,440)	**(73,129)**
Non-controlling interests	(1,199)	(3,423)	(566)	–	**–**
	(7,909)	(89,205)	(70,880)	(8,440)	**(73,129)**

Assets and Liabilities

	For the years ended 31 March				
	2018	2019	2020	2021	**2022**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	962,426	757,253	643,114	915,575	**1,316,260**
Total liabilities	(414,134)	(299,274)	(215,976)	(489,749)	**(525,969)**
Non-controlling interests	(475)	2,757	–	–	**–**
Equity attributable to the owners of the Company	547,817	460,736	427,138	425,826	**790,291**