

CL GROUP (HOLDINGS) LIMITED 昌利(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8098



ANNUAL REPORT
2024



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of CL Group (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Kwok Kin Chung (*Chief Executive Officer*)
Mr. Lau Kin Hon
Ms. Yu Linda

Independent Non-executive Directors

Mr. Poon Wing Chuen
Mr. Wang Rongqian
Mr. Song Guangyuan

AUTHORISED REPRESENTATIVES

Mr. Lau Kin Hon
Mr. Yu Lap Pan

AUDIT COMMITTEE MEMBERS

Mr. Poon Wing Chuen (*Chairman*)
Mr. Wang Rongqian
Mr. Song Guangyuan

NOMINATION COMMITTEE MEMBERS

Mr. Song Guangyuan (*Chairman*)
Mr. Kwok Kin Chung
Mr. Poon Wing Chuen

REMUNERATION COMMITTEE MEMBERS

Mr. Wang Rongqian (*Chairman*)
Mr. Lau Kin Hon
Mr. Poon Wing Chuen

COMPLIANCE OFFICER

Lau Kin Hon, *Practicing solicitor in Hong Kong*

COMPANY SECRETARY

Yu Lap Pan, *FCCA, CPA, ACG, HKACG*

AUDITORS

Confucius International CPA Limited
(*Certified Public Accountants*)

REGISTERED OFFICE

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

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 16B, 16/F
Bank of East Asia Harbour View Centre
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Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Financial Centre,
16 Harcourt Road,
Hong Kong

PRINCIPAL BANKERS

Bank of Communications
China Construction Bank (Asia)
Chiyu Bank
Dah Sing Bank
Industrial and Commercial Bank of China
OCBC Wing Hang Bank

STOCK CODE

8098

WEBSITE OF THE COMPANY

www.cheongleesec.com.hk

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

I am pleased to present to all shareholders the annual results of CL Group (Holdings) Limited (the "Company"), with its subsidiaries, (the "Group") for the year of 2023/24.

The recovery progress of Hong Kong's financial market is weaker than expected. On 31 March 2024, the Hang Seng Index closed at 16,541, a decrease of approximately 18.9% from 20,400 on 31 March 2023. As market conditions and Hang Seng Index trading volume weakened, approximately 43 local securities firms closed down or suspended operations throughout 2023. As of the first quarter of 2024, approximately 16 local securities firms have closed down or suspended operations.

However, the wave of closed down in the industry has accelerated the consolidation of customers into other local securities firms. As of March 31, 2024, the number of new accounts of the Group increased by approximately 65.4% compared with the same period last year.

During the reporting period, the Group recorded total revenue and investment income of approximately HK\$37.4 million, representing an increase of approximately 17.8% compared to the previous financial year. Loss attributable to the owners of the Company in the financial year of 2023/24 amounted to approximately HK\$12.3 million, representing a decrease of approximately 135.8%. The Group continuously maintained a balanced investment portfolio by holding a variety of stable income investments such as investment properties, listed equity securities and debt instruments. As of March 31, 2024, the value of the Group's investment portfolio was approximately HK\$16.1 million as compared to the previous financial year of approximately HK\$27.6 million.

Our diversified revenue streams encompass both interest income and non-interest income in the form of commissions, fees and other revenues. Despite uncertainties over economic growth, the Group is continuously focusing its efforts by expanding its business by broadening the customer base and strengthening our trading platform. In addition to delivering sustained income and balanced growth, the Group is also committed to the community by fulfilling its social responsibilities.

With the joint efforts of the Board, management and staff, we are confident that we will continue to achieve substantial gains for our shareholders as planning for continuous expansion of our core business and exploring new opportunities.

On behalf of the Board, I would like to take this opportunity to thank the shareholders, customers and business partners for their trust in and continuous support to the Group over the years. We will continue to explore new business ventures in the challenging year ahead and strive for the best returns for our shareholders.

Moreover, I would also like to thank all staff for their tremendous effort and contribution. With a focused senior management and professional team, I believe the Group will succeed in achieving our business goals.

Kwok Kin Chung
Chief Executive Officer

Hong Kong, 25 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The global economy continues to be impacted by geopolitical conflicts, with interest rates remaining elevated, and high levels of uncertainty causing investors to become more cautious. These factors have led to ongoing weakness in Hong Kong's capital markets. The Hong Kong initial public offering (IPO) market has remained sluggish. In 2023, the total IPO fundraising amount in Hong Kong was approximately HK\$46.294 billion, representing a decline of around 57% compared to the full year of 2022, and marking a new low in the IPO fundraising amount for the Hong Kong stock market over the past decade. In the first quarter of 2024, the total IPO fundraising amount in Hong Kong was approximately HK\$4.7 billion, representing a decline of around 30% compared to the same period in 2023. As at 31 March 2024, the Hang Seng Index was reported at 16,541, a decrease of approximately 18.9% compared to the 20,400 recorded on 31 March 2023.

BUSINESS REVIEW

Revenue

The Group's total revenue and investment income for the year was approximately HK\$37.4 million, as compared with approximately HK\$31.7 million in 2023, representing an increase by approximately 17.8% or approximately HK\$5.6 million. The breakdown of revenue and investment income by business activities of the Group is set out below:

	Year ended 31 March 2024		Year ended 31 March 2023		Increase/ (decrease)
	HK\$	%	HK\$	%	%
Revenue					
Commission and brokerage fees from securities dealings on the Stock Exchange	4,485,249	11.1	3,807,725	10.0	17.8
Placing and underwriting commission	2,050,753	5.1	840,994	2.3	143.8
Commission and brokerage fees from dealing in futures contracts	157,453	0.4	348,253	0.9	(54.8)
Commission income from securities advisory services	50,000	0.1	110,000	0.3	(54.5)
Clearing and settlement fee	1,734,797	4.3	1,311,472	3.5	32.3
Handling service and dividend collection fees	432,090	1.1	197,859	0.5	118.4
Interest income from					
— margin clients	13,791,831	34.0	8,204,639	21.6	68.1
— loan clients	16,117,891	39.8	22,235,828	58.5	(27.5)
— cash clients	396,758	1.0	238,907	0.7	66.1
— authorised financial institutions	1,274,163	3.0	335,499	0.9	279.8
— financial assets at FVTOCI	149	0.0	11,770	0.0	(98.7)
— financial assets at FVTPL	—	0.0	321,750	0.8	(100.0)
— others	25,696	0.1	6,417	0.0	300.5
	40,516,830	100.0	37,971,113	100.0	4.2
Net (loss) gain on trading of financial assets at FVTPL	(940,489)	29.8	4,437,813	(71.0)	(121.2)
Net (loss) gain on derecognition of debt instruments at FVTOCI	—	—	(1,013,078)	16.2	(100.0)
Net change in fair value of financial assets at FVTPL	(2,220,421)	70.2	(9,677,711)	154.8	(77.1)
	(3,160,910)	100.0	(6,252,976)	100.0	(49.4)
	37,355,920		31,718,137		17.8

Securities and Futures Brokerage

Revenue from Securities and Futures Brokerage represent commission and brokerage fee and other fees including interest derived from cash and margin securities or futures accounts and interest from IPO financing.

The commission and brokerage fee from securities dealing increased by approximately 17.8% from approximately HK\$3.8 million for the year ended 31 March 2023 to approximately HK\$4.5 million for the year ended 31 March 2024.

The total value of transactions for securities dealing increased by approximately 50.3% from approximately HK\$48,754.7 million for the year ended 31 March 2023 to approximately HK\$73,281.5 million for the year ended 31 March 2024. As a result, income relating to clearing and settlement fees and handling services also increased by approximately 32.3% from approximately HK\$1.3 million for the year ended 31 March 2023 to approximately HK\$1.7 million for the year ended 31 March 2024.

The commission and brokerage fees from dealing in futures contracts decreased by approximately 54.8% from approximately HK\$0.3 million for the year ended 31 March 2023 to approximately HK\$0.2 million for the year ended 31 March 2024.

The interest income derived from margin securities accounts for the year ended 31 March 2024 was approximately HK\$13.8 million represents an increase of approximately 68.1% from that of the year ended 31 March 2023 amounting approximately HK\$8.2 million.

Loan and Financing

The Group holds Money Lenders Licence to engage in money lending business for providing loan and financing to customers. During the reporting period, CLC Finance Limited, the Company's wholly-owned subsidiary, provides loan and financing service to customers. The interest income derived from providing loan and finance to customers for the year ended 31 March 2024 was approximately HK\$16.1 million (2023: approximately HK\$22.2 million).

Our money lending business's main target customers are high net worth individuals and corporations. As at 31 March 2024, the total number of borrowers was 29 (2023: 24). The details of our clients are as below:

Types of clients	Number of clients	
	2024	2023
Individuals	18	15
Corporations	11	9
	29	24

Our corporate clients were principally engaged in investment holding and service industry and were located in Hong Kong, the British Virgin Islands and the Cayman Islands.

The loans granted were for a term from 2 months to 156 months. The details of the loan repayment are as below:

	2024	2023
Within 12 months	68.3%	67.7%
Within 13–60 months	11.0%	15.0%
Over 60 months	20.7%	17.3%
	100.0%	100.0%

The interest rates charged were in the range of 8% to 24% per annum (2023: 12% to 30% per annum). Approximately 90.1% of the loan receivables are secured by marketable securities listed in Hong Kong, unlisted securities in Hong Kong, motor vehicles, yacht and first legal charge or second legal charges in respect of properties or land located in Hong Kong (2023: approximately 90.7%). The largest borrower represented approximately 36.8% (2023: approximately 25.1%) of our entire loan portfolio and the top 5 borrowers constituted approximately 77.0% (2023: approximately 80.8%) of the loan portfolio. During the year the impairment loss on loan receivables under expected credit loss model amounting approximately HK\$30.1 million (2023: approximately HK\$33.9 million) due to delinquency in interest or principal payment. The recoveries of the impairment loss on loan receivables under expected credit loss during the year under review amounting approximately HK\$3.2 million (2023: approximately HK\$10.6 million).

The credit risk assessment of customers we conducted involves obtaining land search, valuation report from banks on properties and valuation check on the marketable securities; ascertaining the financial condition of the customers including reviewing income/asset proof of individual customers and financial information of corporate customers; and conducting litigation searches and credit search on customers. The loan terms are determined with reference to factors including customers' requirements; result of credit assessment of customers, including whether regular income of customers are sufficient to cover loan repayment instalments; value of collaterals; past collection history and relevant forward-looking information of each customer.

The Group has adopted the procedures on monitoring loan repayment and recovery which involve the finance department of the Group performing financial analysis such as comparatives and outstanding loans, and valuation review of pledged assets and reporting to the executive directors at least monthly. In respect of delinquent loans, we will first issue standard demand letters. If no satisfactory response is received, we will instruct solicitors to issue formal legal demand letters. Thereafter formal legal proceedings may be issued where appropriate.

Placing and Underwriting Business

Under normal circumstances, the Group acts as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent on best effort basis for fund-raising activities. It would take the role on underwritten basis only if it received special requests from the issuers and/or their respective placing and underwriting agents.

During the year ended 31 March 2024, the placing and underwriting commission increased by approximately 143.8% from approximately HK\$0.8 million for the year ended 31 March 2023 to approximately HK\$2.1 million for the year ended 31 March 2024.

Investment Holding

The Group maintained a portfolio investments included the holding of listed and unlisted equity securities, debt instruments and film right. Due to the market volatility, the value of portfolio of listed and unlisted equity securities and debt instruments as at 31 March 2024 portfolio was approximately HK\$7.5 million (2023: approximately HK\$18.4 million). Net loss on trading of financial assets at FVTPL of approximately HK\$0.9 million (2023: gain of approximately HK\$4.4 million), net loss in fair value change of financial assets at FVTPL of approximately HK\$2.2 million (2023: approximately HK\$9.7 million) and net loss in fair value change of financial assets at FVTOCI of approximately HK\$1.3 million (2023: approximately HK\$1.2 million).

The Group owns 4 office units in Shenzhen. The market values of those units as at 31 March 2024 amounting approximately HK\$8.6 million (2023: approximately HK\$9.2 million).

Net other income, gains and losses

Net other income, gains and losses for the year ended 31 March 2024 were approximately HK\$0.8 million (2023: approximately HK\$0.6 million). The increase in net gains were mainly attributed to full year of rental income of approximately HK\$0.2 million recorded during the year (2023: approximately HK\$0.1 million).

Impairment losses under expected credit loss model, net of reversal

Recoveries of trade receivables and loan receivables under expected credit loss (“ECL”) model for the year ended 31 March 2024 was approximately HK\$0.2 million and approximately HK\$3.2 million, respectively (2023: approximately HK\$4.9 million and HK\$10.6 million). The reversal of impairment loss of loan receivables due to the Group’s recovery of trade and loan receivables for the year ended 31 March 2024.

The impairment loss on trade and loan receivables under ECL model were provided for approximately HK\$3.9 million and HK\$30.1 million respectively for the year ended 31 March 2024 (2023: HK\$0.2 million and HK\$33.8 million respectively).

The Group has a policy for reviewing impairment of loan receivables which do not have sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management’s judgement, including current credit-worthiness, collateral’s value and past collection history of each customer.

The Group categorized doubtful loan receivables into Stage 1, Stage 2 and Stage 3. Stage 1 loans had been overdue repayments but the amount of collateral were sufficient to cover the outstanding amounts. Stage 2 loans had been overdue repayments and the amount of collateral were not sufficient to cover the outstanding amounts but there was adequate evidence to show that the borrowers had sufficient resources to repay the outstanding amount. Stage 3 loans had been overdue repayments and the amount of collateral were not sufficient to cover the outstanding amounts and there was no evidence to show that the borrowers had sufficient resources to repay the outstanding amount. The impairment loss based on the expected credit loss assessments prepared by an independent valuer engaged by the Group.

Movements of the different stages of loan receivables were set out on page 98 of the Annual Report. Loan receivables in the total amount of approximately HK\$28.0 million (2023: approximately HK\$26.2 million) were categorized as Stage 3 as the borrowers had failed to respond to legal demand letters during the period and the Group recognized total loss of such outstanding receivables, which represented 5 loans to 4 borrowers which had been outstanding between 1.9 to 4.8 years.

Administrative Expenses

Administrative expenses for the year ended 31 March 2024 were approximately HK\$17.5 million (2023: approximately HK\$16.2 million) representing an increase of approximately 8.2%. As the total value of transaction for securities dealing increased for the year ended 31 March 2024, the related expenses such as CCASS charges and the payment of commission increased for the year compared with the corresponding period of 2023. The depreciation of plant and equipment and right-of-use assets were approximately HK\$0.1 million and HK\$2.2 million respectively for the year ended 31 March 2024 (2023: approximately HK\$0.1 million and HK\$2.2 million). Total staff costs were approximately HK\$6.3 million for the year ended 31 March 2024 as compared to approximately HK\$5.9 million for the year ended 31 March 2023. Furthermore, general expenses were under tighter cost control during the year.

Liquidity, Financial Resources and Capital Structure

The Group financed its operations by shareholders' equity and cash generated from operations.

The Group maintained approximately HK\$8.6 million of bank deposit, bank balances and cash in general accounts as at 31 March 2024. This represented a decrease of approximately 47.8% as compared with the position as at 31 March 2023 of approximately HK\$16.5 million. Most of the Group's cash and bank balances in general accounts were denominated in HK dollars.

The net current assets of the Group decreased from approximately HK\$145.5 million as at 31 March 2023 to approximately HK\$134.0 million as at 31 March 2024 which represents a decrease of approximately 7.9%. The current ratio of the Group as at 31 March 2024 was approximately 3.0 times (2023: approximately 2.4 times).

As at 31 March 2024, the Group had available banking facilities of approximately HK\$5.7 million which were not utilised (2023: approximately HK\$25.5 million).

The gearing ratio is calculated as total indebtedness divided by total capital. Total indebtedness is total borrowings (including bank borrowings and shareholder loan). Total capital is calculated as "equity", as shown in the consolidated statement of financial position. At the end of the reporting period, the Group's gearing ratio is approximately 15.6% (2023: approximately 14.8%).

Taking into consideration the existing financial resources available to the Group, it is anticipated that the Group should have adequate financial resources to meet its ongoing operating and development requirements.

Charge on Group Assets and Guarantee

As at 31 March 2024, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK\$5.0 million (2023: HK\$10.0 million) were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK\$29.5 million (2023: HK\$49.5 million) issued by the banks to the Group. As at 31 March 2024, approximately HK\$5.7 million of the banking facilities were not utilised (2023: HK\$25.5 million).

Contingent liabilities

As at 31 March 2024, the Group had no material contingent liabilities (2023: Nil).

Capital commitments

As at 31 March 2024, the Group had no capital commitments, contracted but not provided for in the consolidated financial statements (2023: Nil).

Staff and remuneration policies

The Group believes that staff is our most valuable asset, they are encouraged to pursue excellence at work and career development. We encourage staff to maintain healthy balance between work and life, and communicate with staff to enhance staff morale and their sense of belonging.

Total staff costs (including Directors' emoluments) were approximately HK\$6.3 million for the year ended 31 March 2024 as compared to approximately HK\$5.9 million for the year ended 31 March 2023.

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, share options that may be granted under the share option scheme.

Future plans for material investments or capital assets

As at 31 March 2024, the Group had no plans for material investments or acquisition of capital assets, but will actively pursue opportunities for investments to enhance the profitability of the Group in its ordinary course of business.

Material Acquisitions of subsidiaries and affiliated companies

The Group has not made any material acquisitions and disposal of subsidiaries and associated companies. As at 31 March 2024 and up to the date of this annual report, the Group did not hold any significant investment.

Significant Investment

As at 31 March 2024, there was no significant investment held by the Group.

Foreign exchange exposure

The Group's business is principally conducted in Hong Kong dollars, the Directors consider that potential foreign exchange exposure of the Group is limited.

RISK MANAGEMENT

Credit Risk

Credit risk exposure represents loans to customer, trade receivables from brokers, clients and clearing houses which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

For trade receivables from clients, normally clients are required to settle the amount within 2 days (T+2). Responsible officers will regularly review the overdue balance. The credit risk arising from the trade receivables from clients is considered as small.

For trade receivables from margin clients, normally the Group obtains securities and/or cash deposits as collateral for providing margin financing to clients. Receivables from margin clients are repayable on demand. Market conditions and the adequacy of collateral of each margin clients are monitored by responsible officers on a daily basis. Margin calls and forced liquidation are required when necessary.

For trade receivables from brokers and clearing houses, the Group considered that credit risk is low as those brokers and clearing houses are registered with regulatory bodies.

In order to minimise the credit risk of loan receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue loan receivables, if any. In addition, the Group reviews the recoverable amount of each individual loan receivables at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's loan receivables credit risk is significantly reduced.

The Group does not provide any guarantees which would expose the Group to credit risk.

Liquidity Risk

The Group is subject to the statutory liquidity requirements as prescribed by the regulators. The Group has a monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the Securities and Futures (Financial Resources) Rules (Cap.571N of the Laws of Hong Kong).

The Group has maintained stand-by banking facilities to meet any contingency in its operations. The Board believes that the Group's working capital is adequate to meet its long and short term financial obligations.

Foreign Exchange Risk

Certain assets of the Group's business are denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

OUTLOOK

The global economy continues to be influenced by interest rate cycles and high inflation. The global economy is expected to face ongoing challenges in 2024. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise. The Group will continue to grow its brokerage business and placing and underwriting business by broadening clients base including attracting customers affected by the closure of local securities firms to open accounts and provide different financial services in our Group. The Group will also strengthening our trading platform. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory service and on satisfying the needs of our customers.

The Group aims to become a leading financial service group in Hong Kong. The Group will continue looking for any potential business opportunities to bring in new sources of income and to further increase the profitability of the Group.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 March 2024. This report highlights the key corporate governance practices of the Company.

CORPORATE CULTURE

The Board is committed to building, maintaining, and constantly updating a corporate culture that is in line with our purpose, values. Our corporate culture is featured with promoting an environment and a value that drive us to make informed decisions and to act lawfully, ethically, and responsibly in balance of short terms benefits and long-term sustainability and in the interests of our shareholders with consideration of those of our stakeholders. Our directors and senior management are expected to led by example in the course of building and preserving our culture.

The Board has applied certain measures for assessing and monitoring culture, such as the review of staff turnover rate, whistleblowing data, employee feedback, compliance level with code of conduct, and regulatory requirements and, accordingly considered that the Company has preserved a proper corporate culture.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to promoting high standards of corporate governance. The Directors of the Company believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

Throughout the year ended 31 March 2024, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules, except for the deviation from Code Provision F.2.2 as explained below and the deviation from Code Provision C.2.1 as mentioned in the section headed "Chairman and Chief Executive Officer" in this report.

Under CG Code Provision F.2.2, the chairman of the Board did not attend the annual general meeting held on 3 August 2023. The Group currently has no chairman, Mr. Kwok Kin Chung, chief executive officer and executive Director, was elected to chair the annual general meeting.

CORPORATE GOVERNANCE STRUCTURE

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are 3 board committees, namely Audit Committee, Remuneration Committee and Nomination Committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry to all the Directors and the Directors have confirmed compliance with this code of conduct throughout the financial year ended 31 March 2024. No incident of non-compliance was noted by the Company during this period.

BOARD OF DIRECTORS

During the year and up to the date of this report, the board comprises the following members:

Executive Directors

Mr. Kwok Kin Chung (*Chief Executive Officer*)
Mr. Lau Kin Hon
Ms. Yu Linda

Independent non-executive Directors

Mr. Poon Wing Chuen
Mr. Wang Rongqian
Mr. Song Guangyuan

Biographical details of the Directors are set out in the section of “Biographical Details of Directors” on page 32.

DIVERSITY

The Company has achieved the gender diversity requirement at Board level pursuant to its own target and GEM listing rules 17.104. The Board has a practice of annually reviewing the overall board composition, including the gender diversity target and succession plan to ensure diversified skills, experience and views are brought to the Board.

As of 31 March 2024, the gender diversity ratio (by female) at Board level and at total workforce level are 16.67% and 26.67%. Taking into the key consideration such as labour supply, staff turnover, skill and experience, educational and professional background of the current board and workforce, the board is of the view that the current gender diversity ratio commensurate with the business model and operational practice of the Group.

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group’s affairs. The Board is accountable to shareholders for the strategic development of the Group with the goal of maximising long-term shareholder value, while balancing broader stakeholder interests.

The Board meets regularly on a quarterly basis. Apart from the regular board meetings of the year, the Board also meets on other occasions when a Board-level decision on a particular matter is required. All Directors are provided with details of agenda items for decisions making with reasonable notice. Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors of the Company, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

Generally, the responsibilities of the Board include:

- Formulation of operational strategies and review of its financial performance and results and the internal control systems;
- Policies relating to key business and financial objectives of the Company;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Remuneration of Directors;
- Communication with key stakeholders, including shareholders and regulatory bodies; and
- Recommendation to shareholders on final dividend and the declaration of any interim dividends.

All Directors assume the responsibilities to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company's overall financial position. The Board updates shareholders on the operations and financial position of the Group through interim and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. Each of the independent non-executive Director has made an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

According to the Company's articles of association, newly appointed Directors shall hold office until the next following general meeting and shall be eligible for re-election at that meeting. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

The Board meets regularly over the Company's affairs and operations. Details of the attendance of each member of the Board at the meetings of the Board and the general meetings during the year ended 31 March 2024 are as follows:

Name of Directors	Attendance/ Number of meeting	
	Board meetings	General meeting
<i>Executive Directors</i>		
Mr. Kwok Kin Chung (<i>Chief Executive Officer</i>)	6/6	2/2
Mr. Lau Kin Hon	6/6	2/2
Ms. Yu Linda	6/6	2/2
<i>Independent non-executive Directors</i>		
Mr. Poon Wing Chuen	6/6	2/2
Mr. Wang Rongqian	6/6	2/2
Mr. Song Guangyuan	6/6	2/2

TRAINING AND SUPPORT OF DIRECTORS

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the Code Provision C.1.4 of the Code on Directors' training.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Pursuant to the code provision C.2.1, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The Group currently has no chairman. The daily operation and management of the Group is monitored by CEO and executive Directors.

The Board is of the view that although there is no chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Group. This arrangement can still enable the Group to make and implement decisions promptly, and thus achieve the Group's objectives efficiently and effectively in response to the changing environment.

The Group will, at the appropriate time, arrange for the election of the new chairman of the Board.

NON-EXECUTIVE DIRECTORS

Under the Code Provision B.2.2, all the non-executive Directors should be appointed for a specific term, subject to re-election. Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of one year renewable for the year upon the expiration of the initial term and each subsequent one year term subject to termination in certain circumstances as stipulated in the relevant service contracts. At each annual general meeting, one third of the Directors for the time being (of if their number is not a multiple of three, then the number nearest to but not less than one third) will 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. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

REMUNERATION COMMITTEE

A Remuneration Committee was set up, with terms of reference latest amended on 31 December 2022, to oversee the remuneration policy and structure for all Directors and senior management.

The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Wang Rongqian, Mr. Lau Kin Hon and Mr. Poon Wing Chuen and is chaired by Mr. Wang Rongqian.

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the CG Code. The role of the Remuneration Committee is to recommend to the Board a framework for remunerating the Directors and key executives and to determine specific remuneration packages for them. They are provided with sufficient resources by the Company to discharge its duties.

For the year ended 31 March 2024, the Remuneration Committee held 1 meeting to review and discuss remuneration matters of the Group. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Wang Rongqian (<i>Chairman</i>)	1	1
Mr. Lau Kin Hon	1	1
Mr. Poon Wing Chuen	1	1

NOMINATION COMMITTEE

The Board is empowered under the Company's articles of association to appoint any person as a director to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are based on the assessment of their professional qualifications and experience, character and integrity.

The Company has established a Nomination Committee, with terms of reference latest amended on 31 December 2018, for making recommendations to the Board on appointment of Directors and succession planning for the Directors. The terms of reference of the Nomination Committee are aligned with the provisions set out in CG Code.

The Nomination Committee adopted the “Board Diversity Policy” in relation to the nomination and appointment of new directors. The Nomination Committee selects board candidates based on a range of diversity perspectives with reference to the Company’s business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

Up to the date of this annual report, the Nomination Committee comprises one executive Director and two Independent non-executive Directors, namely Mr. Song Guangyuan, Mr. Poon Wing Chuen and Mr. Kwok Kin Chung. Mr. Song Guangyuan is the Chairman of the Nomination Committee.

For the year ended 31 March 2024, the Nomination Committee held 1 meeting to review and discuss nomination matters of the Group. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Song Guangyuan (<i>Chairman</i>)	1	1
Mr. Kwok Kin Chung	1	1
Mr. Poon Wing Chuen	1	1

AUDIT COMMITTEE

The Company has established an Audit Committee, with terms of reference latest amended on 31 December 2018, with written terms of reference that set out the authorities and duties of the Audit Committee adopted by the Board.

The Audit Committee comprises the three independent non-executive Directors and headed by Mr. Poon Wing Chuen who has appropriate professional qualifications and experience in financial matters. The terms of reference of the Audit Committee are aligned with the provisions set out in the CG Code. The Audit Committee performs, amongst others, the following functions:

- Consider and recommend to the Board the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor and address any questions of resignation or dismissal of such auditor;
- ensure that co-operation is given by the Company’s management to the external auditor where applicable;
- review the Group’s quarterly, half yearly and annual results announcements and the financial statements prior to their recommendations to the Board for approval;
- review the Group’s financial reporting process and internal control system; and
- review of transactions with interested persons.

For the year ended 31 March 2024, the Committee met on 4 occasions and up to the date of this annual report, the Audit Committee has reviewed the consolidated financial statements, including the accounting principles and practices adopted by the Group, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. The Audit Committee has also discussed with the Group's independent auditor and considers the system of the internal control of the Group to be effective and that the Group had adopted the necessary control mechanisms to its financial, operational, statutory compliance and risk management functions. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Poon Wing Chuen (<i>Chairman</i>)	4	4
Mr. Wang Rongqian	4	4
Mr. Song Guangyuan	4	4

DIVIDEND POLICY

Pursuant to code provision F.1.1 of the CG Code, the Company has adopted a dividend policy ("Dividend Policy"). Subject to the Companies Act of the Cayman Islands and the memorandum and articles of association of the Company, the Company may from time to time declare dividends in any currency to be paid to the members of the Company but no dividend shall be declared in excess of the amount recommended by the Board. The Board may also from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the profits of the Company. Declaration of dividends is subject to the discretion of the Board, taking into consideration of, among others, (i) the Group's financial performance; (ii) the Group's capital requirements and debt level; (iii) the Group's liquidity position; (iv) retained earnings and distributable reserves of the Group; (v) the Group's business operations, business strategies and future development needs; (vi) any contractual, statutory and regulatory restrictions; and (vii) the general economic conditions and other factors that may have an impact on the performance and position of the Group. The Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary.

AUDITOR'S REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

For the financial year ended 31 March 2024, the remuneration paid/payable to the auditor of the Group is set out as follows:

Services rendered	Paid/payable <i>HK\$</i>
Statutory audit services	600,000

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has engaged external professionals to conduct independent internal control review for the year ended 31 March 2024. The review will cover parts of the system including financial, operational, compliance control and risk management functions. The Board will continue to assess the effectiveness of internal controls by considering the reviews conducted by the external professionals. The Board reviews the adequacy and effectiveness of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company (collectively "risk management and internal controls").

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of risk management and internal controls within the Group to safeguard the interests of the Company's shareholders and the Group's assets, and to manage risks. The Board also acknowledges that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

INTERNAL AUDIT

The Audit Committee of the Company, with its amended Terms of Reference took effect on 31 December 2018, has been delegated the responsibility of reviewing the overall effectiveness of the risk management and internal control system of the Group. An internal audit plan has been prepared, discussed and agreed with the Audit Committee. Major internal audit findings has been submitted to the Audit Committee for review and all recommendations from the Audit Committee was properly followed up.

DIRECTORS AND OFFICERS INSURANCE

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

DIRECTORS RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are ultimately responsible for the preparation of the consolidated financial statements for each financial year which gives a true and fair view. In preparing the consolidated financial statements, appropriate accounting policies and standards are selected and applied consistently.

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 42 to 113 of this annual report.

COMPANY SECRETARY

Mr. Yu Lap Pan ("Mr. Yu") is the Company Secretary of the Company. He is responsible for ensuring that the board policy and procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance developments.

Up to the date of this report, Mr. Yu has undertaken not less than 15 hours of relevant professional training.

INVESTORS RELATIONS

The Company adheres to high standards with respect to the disclosure all necessary information to the shareholders in compliance with GEM Listing Rules. The Company strengthens its communications with shareholders through various channels including publication of interim and annual reports, press release and announcements of the latest development of the Company in its corporate website in a timely manner.

CONSTITUTIONAL DOCUMENTS

On 28 June 2023, the Board proposed to amend the existing articles of association of the Company for the purpose of conforming with certain amendments to the Rules Governing the Listing of Securities on GEM ("GEM Listing Rules") which became effective on 1 January 2022 and for housekeeping purpose. The proposed amendments was approved by the Shareholders under a special resolution in the annual general meeting held on 3 August 2023. The amended and restated articles of association of the Company is available on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

Under the Company's Articles of Association, in addition to regular Board meetings, the Board, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, may convene an extraordinary general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the registered office of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitioner(s).

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office address at Room 16B, 16th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

CL Group (Holdings) Limited (the “Company” or “We”) is pleased to publish the Environmental, Social and Governance (“ESG”) Report. The ESG Report intends to disclose the performance of the Company and its subsidiaries (collectively as “the Group” or “We”) in terms of ESG issues in a transparent and open manner in financial year ended 31 March 2024, in response to all stakeholders’ concerns and expectations for the Group’s long-term viability.

SCOPE OF THE REPORT

The report is prepared in accordance with the Environment, Social and Governance Reporting Guide contained in Appendix C2 of the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (“Listing Rules”) and written in principle of “comply or explain”.

The Group is principally engaged in the provision of securities, futures and options brokering and trading, loan financing services, placing and underwriting services, securities advisory services and investment holding in Hong Kong. This report has included ESG performance of these core businesses of the Group in Hong Kong during the Year. The disclosure of the key performance indicators (“KPIs”) in the Year covers the Group’s leased office in Hong Kong.

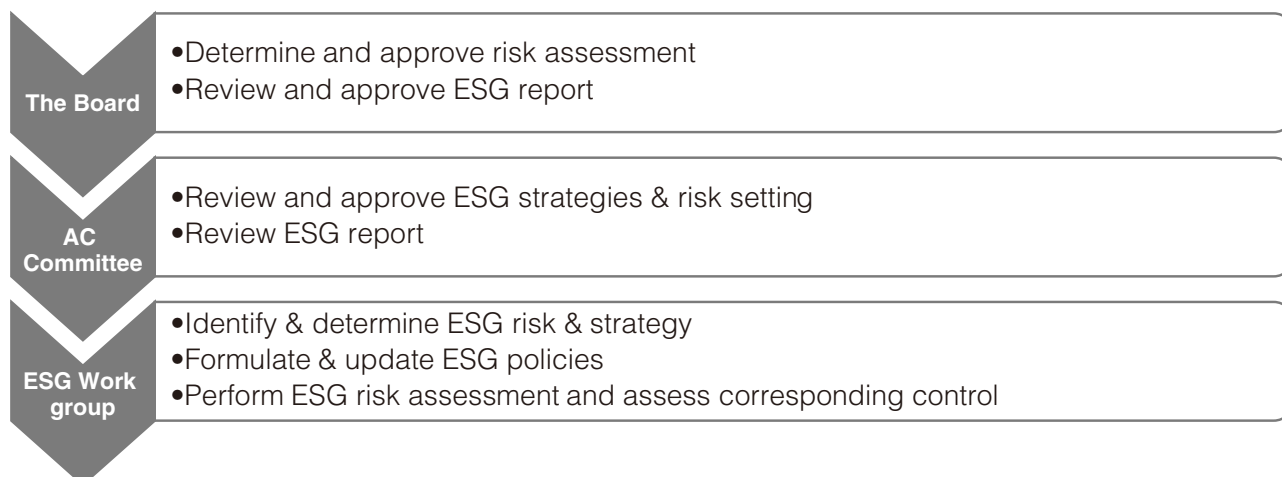
REPORTING PRINCIPLES

This report has also been prepared in accordance with the reporting principles of “Materiality”, “Quantitative”, “Consistency”, and “Balance”. We are dedicated to fairly disclosing material ESG matters.

The Group has used consistent reporting and calculation procedures as far as reasonably practicable, with consideration of relevance and significance of ESG factors in relation to the Group. This report includes quantitative environmental and social KPIs to help stakeholders understand the Group’s ESG performance.

SUSTAINABLE GOVERNANCE STRUCTURE

We established a top-down ESG organizational structure to apply the Group’s sustainable development concept. The Board is responsible for developing ESG strategies, assessing and identifying the Group’s ESG risks, and guaranteeing risk management and internal control effectiveness. The Board has endorsed and approved this report. The Board is dedicated to monitoring and publishing the Group’s sustainability performance through the annual release of the ESG Report and is responsible for overseeing and managing all ESG topics.



To implement the ESG initiative and formulate our sustainability strategy, the Group has established a working group which comprises of senior management and external advisor with sufficient ESG knowledge, and the authority to promote a company-wide awareness of the importance of the Company's ESG efforts. The members span across various functional departments, including the operational, human resources, and finance departments, aiming to ensure that the environmental and social responsibility considerations are integrated into our daily management decision as well as daily operation.

STAKEHOLDERS ENGAGEMENT

The Board understands that it is essential to set ESG approach and strategy according to the importance of ESG issues towards the Group and its stakeholders, therefore the Board has assigned a third-party ESG professional to assist in the conduct of materiality assessment on ESG issues. To identify the material issues, stakeholder surveys have been carried out, and industry-specific issues are considered. Directors play an important role in the engagement exercise and provide constructive opinions in determining the material ESG issues. We ensure that numerous communication channels are in place so that key stakeholders' views and input may be addressed efficiently and promptly within the Group. The Board is well informed about the results and will keep reviewing the engagement channels and exercise.

MATERIALITY ASSESSMENT

Based on materiality, quantitative metrics, balance, and consistency, our senior management examined and analyzed the importance of ESG problems to the Group's stakeholders during the Year, as well as the scope and structure of this report. In the preparation of the ESG Report, information gathered from different departments is not only a summary of the environmental and social initiatives carried out by the Group during the Year, but also the basis for mapping out its short-term and long-term sustainable development strategies.

Based on our risk and materiality assessment, among all ESG issues, we further evaluate and prioritize them by their relevancy and significance. Below tabled the significant ESG issues of the Group:

Significant ESG issues

1. Employee's benefits
2. Occupational health and safety
3. Anti-corruption and Whistle-blowing policies

Related ESG Aspects

- B1 — Employment
- B2 — Health and Safety
- B7 — Anti-corruption

Taking into consideration the business mode and stakeholders' interest, the Group encounters a lower environmental risks in respect of energy use and emissions and a lower climate change risks that might impact the sustainability of the Group.

INFORMATION AND FEEDBACKS

Your opinions and feedbacks on our ESG performance are highly valued. Should you have any advice or suggestions, please share with us via email at clsec@cheonglesec.com.hk.

A. ENVIRONMENTAL PROTECTION

We understand the importance of maintaining environmental sustainability in our daily operation. Our GHG emissions generated from our energy and paper consumption.

A1: Emissions

We act in strict compliance with local laws and regulations relating to environmental protection and pollution control. However, our business nature is service-oriented and posed insignificant impact to the environment when compared with other industries.

GHG emissions

As a service-based enterprise, the Group does not directly generate industrial exhaust gas. Our direct environmental impact is not material in the process of our daily operation and business development. We conduct our business in local office premise. The emission of the Group is the indirect greenhouse gas emission mainly generated from the purchased electricity and paper consumption at office setting. During the Year, the Scope 2 and Scope 3 of GHG emissions were recorded to be 35,823 kg CO₂e (2023: 55,881.72 kg) and 463.3 kg CO₂e (2023: 1,197.60 kg) respectively. To further reduce emissions, the Group promotes electronic interactions with stakeholders, such as use of email and e-conference as much as possible, to reduce unnecessary business travels. The major wastewater generated by the Group is domestic sewage, which is directly discharged to the public drainage system.

Waste Management

For non-hazardous waste, the Group produce paper and generate domestic waste. Domestic waste is collected and handled by the property management office. Some of our paper waste is collected for delivery to recycling companies. Therefore, the overall amount of non-hazardous wastes is considered minimal after adopting waste reduction measures in our daily operation:

1. Set duplex printing as the default mode for our network printers
2. Encourage employees in using papers on both sides
3. Use smaller font size and adjust line spacing when printing
4. Disseminate information via electronic means
5. Encourage employees to bring their own mugs instead of disposable paper cups

For hazardous wastes, our used toner cartridges is collected and handled safely by the toner suppliers.

Overall compliance

During the Year, the Group has complied with relevant laws and regulations, including but not limited to those listed below, that have a significant impact on the Group relating to air and greenhouse gas emissions, and generation of hazardous, non-hazardous waste and sewage.

A2: Use of Resources

The Group is fully aware of the high values of natural resources and committed to reducing the waste of resources in its daily operation. We encourage employees to use the natural resources in an effective and efficient way. Our resource consumption mainly occurs in the use of electricity for its daily office operation, and the consumption of other resources includes the use of 46.3 kg (2023: 249.5 kg) printing paper. In line with the business nature. We does not use packaging materials.

Energy consumption

The Group deploys multiple energy saving initiatives to improve the operating efficiency of equipment or devices and reduce energy consumption. In terms of lighting system, the Group has separated light switches for different light zones, keeps the lighting fixture clean. To reduce the use of air conditioning, employees are required to set the air-conditioners at 25.5°C as indoor temperature and allowed to dress casually. The Group also encourages employees to turn off unused electrical devices, including air-conditioners and lighting system, before leaving the office. During the Year, the total energy consumption were recorded to be 51,176 kWh (2023: 82,179 kWh).

Water consumption

We do not consume significant volume of water through its business activities thus we do not have maintain a record on both water consumption and waste water produced. During the Year, the Group did not face any difficulties in sourcing water, which is supplied by the government.

A3: The Environment and Natural Resources

The importance of the environment and natural resources is well understood by the Group. With the goal of attaining environmental sustainability, we have integrated the concept of environmental preservation and natural resource conservation into its internal management and daily operations. We are active in promoting environmental awareness among our employees by encouraging them of the four principles of “reduce”, “reuse”, “recycle” and “replace”. Our business operations pose an insignificant impact on the environment and natural resources used. Based on our business nature, the natural resources which contributed to our daily operations are primarily the usage of electricity and paper.

In line with our Group’s policies, we strive to minimize the impact to the environment by monitoring and managing the consumption of these natural resources in a more efficient manner (mentioned under the section of “Use of Resources”).

Compliance Operation

Our management monitors our operation and ensure we comply with all relevant laws and regulations in HK including prevention and Control of Water Pollution, Prevention and Control of Environmental Pollution by Solid Wastes, and Environmental Protection Law.

A4: Responding to Climate Change

Hong Kong is densely populated sub-tropical city which is threatened by the impacts of climate change and variability. The typical effects of climate change in Hong Kong include:

- Hong Kong has been warming up in the last century or so.
- The number of hot nights is increasing while the number of cold days is decreasing.

**Warmer
Weather**



- Extreme precipitation events have become more frequent.
- The sea level is rising in Victoria Harbour

Heavy Rainfall



- Higher temperatures may affect human health and healthcare operations

**Impact on
Human Health**



We understand that vector and pest populations could increase from a result of higher temperatures and rainfall, increasing the incidence of diseases. However, the Board considers that the Group is not subject to material climate change-related risks and impacts based on our business nature.

The Group takes reference to the recommendations and approach set out by The Task Force of Climate-related Financial Disclosure (“TCFD”) in assessing the climate changes impacts on the Group. We have assessed a series of risks, including:

1. **Transition risks** that may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change in the course of Transitioning to a lower-carbon economy. There are four sub-risks, namely Policy and Legal Risks, Technology Risk, Market Risk and Reputation Risk.
2. **Physical risks** that may have financial implications for the Group, such as direct damage to assets and indirect impacts from supply chain disruption, which can be driven by acute events (“Acute Events”) or longer-term chronic shifts (“Chronic Shift”) in climate patterns.

Climate Change Impact Assessment

The Board has instructed the ESG Working Group to perform an assessment on the climate-change-related risks and opportunities of the Group. The following table presents the summary of the Group’s assessment.

Type	Climate-Related Risks and Opportunities	Our measures or approach	Potential Financial Impacts when risks are realized
Transition Risk	Policy and Legal	The Group consider that there are no regulatory or market policies or technology changes required or on the trend that would have significant impact on the Group.	Remote • The risks and impacts are considered remote.
	Technology		
	Market	Increasing green financing needs in the market and the trend of paperless security market.	Possible • There is a possible impact on the reputation of the Group.
	Reputation		
Physical Risk	Acute events	The Group consider that it is not subject to physical risks brought alone from climate change. However, the Group will take a monitoring approach and will continuously monitor the change in physical risks.	Remote • The risks and impacts are considered remote.
	Chronic shifts		

Type	Climate-Related Risks and Opportunities	Our measures or approach	Potential Financial Impacts when risks are realized
Opportunities	Resource Efficiency	The Group consider that there are no regulatory or market policies or technology changes required or on the trend that would have significant impact on the Group.	Remote <ul style="list-style-type: none"> The opportunities and benefits are considered remote.
	Energy Source		
	Services		
	Market	Increasing green financing needs in the market and the trend of paperless security market.	Possible <ul style="list-style-type: none"> There is a possible market if we can adopt the green financing into our business.
	Resilience		

The Directors are well aware of certain collateral effects driven by climate change, such as the increasing green financing needs and paperless security market recently promoted in the financial industry. On that, the Directors are formulating a plan to pace up with such trends, including a plan to upgrade our IT systems, to enhance our digitalized procedures and to better equip our employees with the green financing knowledge.

Target Setting

In the past years, our emission and resource-use efficiency targets (Scope 2) are steadily proportionate to operation. We takes a prudent approach in the target setting and aim to maintain a reasonable level of consumption level in the foreseeable future.

B. EMPLOYMENT AND LABOUR PRACTICES

B1: Employment

Equal Opportunity

Our employee is the most valuable asset to drive the long-term development of our Group. The Group respects every employee and treats them equally without regard to race, color, religion, gender, national origin, age, marital or family status, pregnancy, disability and sexual orientation. The nondiscriminatory approach applies to all employment activities and human resources related matters. If any unfair treatment is discovered, the concerned employees should report the incident to the human resources and administration department directly.

The Group's working hour policies for our employees have been in complete conformity with local laws and regulations in order to preserve employees' legitimate rights and interests. Our employees work standardized hours and have access to paid leave, maternity leave, sick leave, public holidays, and specified rest intervals. If any unfair treatment is discovered, the concerned employees can report the incident to the head of Human Resources Department directly. The Group also gives much effort to safeguard the legitimate rights and interests of employees, and cater for the developmental needs of employees.

The Human Resources Policy and Code of Conduct are established for regulating recruitment, promotion, discipline, working hours and vacations. Our Human Resources Department is responsible for such implementation confirms that our employees have a full understanding of the contents of both documents. Employees who fail to comply with the company's regulations are first given a warning notice and, in serious cases, are dismissed. We have created a harmonious working environment as well as a safe and comfortable workplace to build a business platform for every employee to grow with the Group. Our employment documents and practices are formulated in compliance with relevant local law and regulations and reviewed on a regular basis.

Recruitment

We recruit employees from the open market, mainly from the publication of job advertisements and referrals. The Group's hiring process considers criteria including the applicants' academic background, experience, skills, integrity and expertise needed for our business operations. Regardless of gender, age, ethnicity, religion, disability, or sexual orientation, applicants who match the requirements for a position are given equal interview opportunities. Applicants with relatives working in the Group must clarify personal relationships and ensure that their relatives' work in the Group is unaffected.

Remuneration and Benefits

We are committed to offering competitive remuneration as well as complete benefits and protections to our employees. Apart from statutory holidays, all employees are entitled to sick leave, annual leave, marriage leave, maternity leave, paternity leave and jury service leave. The Group makes contributions to mandatory provident fund schemes for eligible employees that work for a certain period of time. Employees are also entitled to discretionary bonus, medical insurance and labour insurance offered by the Group.

Employees' performance is assessed on a regular basis in terms of employees' working performance, technical knowledge, management skills and communication skills of employees and so on. We also offer attractive remuneration package, comprising basic salaries and bonuses. The remuneration package is subject to annual review which is conducted annually taking into account of the employee's job performance, department performance and the Company's business performance.

During the Year, the overall workforce turnover rate is 6.7% (2023: 7%), which is considered as a healthy and normal turnover in overall or by categories of age group, gender and location of operations.

B2: Health and Safety

The Group strives to provide and maintain a safe, healthy and hygienic workplace for our employees and protect them from occupational hazards. We have developed proper occupational safety procedures, including adhering to an agreed reporting structure and investigation methodology in the event of an incident occurring within the workplace. We have also implemented several occupational safety measures as below:

- Encourage employees to maintain a good and correct posture, while maintaining an appropriate eye level with the computer screen to reduce stress and strain on their bodies;
- Ensure that all employees are familiar with the fire protection equipment and fire escape routes;
- Provide clear and comprehensive guidelines to all employees on how to handle bad weathers, injuries and work-related injuries;
- Keep passages clear and the working environment clean and tidy; and
- Maintain office furniture properly and regularly

In the past 3 years, there have been zero cases of work-related injury and thus no relevant lost working days. Yet, the Group will continuingly strive to monitor and improve the safety standards of the workplace environment.

Occupational Health and Safety

To provide and maintain a safe, clean and environmentally friendly working condition for employees, the Group has established a series of work safety policy and standard operating procedures, such as maintain the office ventilated, regular workplace cleaning, and provided personal hygiene supplies such as hand sanitizer and surgical masks.

Overall compliance

During the Year, the Group has complied with the relevant labour laws and regulations, including but not limited to below listed, that has a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, preventing child and forced labour, and health and safety in workplace.

- ✓ Disability Discrimination Ordinance (Cap. 487, the laws of Hong Kong)
- ✓ Employees' Compensation Ordinance (Cap. 282, the laws of Hong Kong)
- ✓ Employment of Children Regulations (Cap. 57B, the laws of Hong Kong)
- ✓ Employment Ordinance (Cap. 57, the laws of Hong Kong)
- ✓ Mandatory Provident Fund Scheme Ordinance (Cap. 485, the laws of Hong Kong)
- ✓ Minimum Wage Ordinance (Cap. 608, the laws of Hong Kong)
- ✓ Occupational Safety and Health Ordinance (Cap. 509, the laws of Hong Kong)
- ✓ Sex Discrimination Ordinance (Cap. 480, the laws of Hong Kong)

B3: Development and Training

We provides on-the-job trainings for new hires to familiarize these new hires on daily operations. Generally, the training areas are related to their work scope and duties of their respective department. Furthermore, our front-line employee who are licensed and supervised by Securities and Futures Commission are required to obtain continuous professional trainings (“CPT”) on an on-going basis. Our compliance department is responsible for monitoring the CPT hours of licensed employee to maintain the highest quality and standard of services to be provided to our clients. In addition, our employees’ training needs are identified through yearly employee performance appraisal, industrial changes or any major changes introduced to the IT system, software or changes in our service offering.

All our directors, including the independent non-executive Directors, have attended trainings to reinforce their knowledge and skills as a Director, and knowledge on the latest development regarding the Listing Rules, other applicable statutory and regulatory regime and the business environment to facilitate them to discharge their responsibilities.

Anti-Corruption Training

The Company has rolled out a rotation plan of anti-corruption trainings in the Reporting Period. As of the date of this ESG Report, we intend to provide anti-corruption trainings, through professional organisation, to our Directors and Management and front-line sales department personnel first. We will also extend such training to our staff on a 4-years rotation plan targeting to attain a 100% training coverage in 4-years.

During the Year, our employees received 29.9 (2023: 21.5) hours of training focusing on compliance, accountancy and business development area. The average training hours was more than 1.5 hours.

B4: Labour Standards

We prohibited the use of child and forced labour. Anyone who is aged under 16 must not be recruited in the stringent screening process on qualified candidates. The human resources and administration department will verify the applicant’s age by checking the valid identification document to prevent employing child labour. If any improper conduct is discovered, the Group will immediately investigate the case thoroughly. Any material non-compliance with our protocol may result in summary dismissal. All the employment terms and conditions, including the scope of work, working hours, benefits, and compensations are specified in the employment letter, so as to assure employees of sufficient rest time and prevent forced labour.

The Group complied the relevant local labour provisions, namely Employment of Children Regulations (Cap. 57B, the laws of Hong Kong), and the Employment Ordinance (Cap. 57, the laws of Hong Kong). During the Year, there was no material breach with relevant laws and regulations recorded pertaining to child and forced labour.

B5: Supply Chain Management

As for the nature of our business, we do not have any major suppliers. The Group’s services providers mainly provide information technology and communication service and legal and professional services.

Prior to establishing any long-term business relationship with potential services providers, we will perform due diligence to ensure services providers’ compliance to relevant laws and regulations. The management of the Group selects our service providers based on their pricing, competence, experience and reputation. The management of the Group will also consider environmentally-friendly factor while selecting suppliers of office supplies (such as recycle copy paper, and stationeries made from environmentally-friendly materials). Senior management approval is required for accepting a services provider as our recognized services provider. Our senior management also reviews our supplier regularly in light of their overall performance and quality.

During the Year, the Group engaged with around 20 (2023: 18) service providers and certain smaller suppliers for office supplies, which were all located in Hong Kong.

B6: Service Responsibility

Quality Customer Services

The Group considers customer feedback a valuable tool for improving its services. We aim to create and nurture strong connections with our customers. The Group developed Customer Compliant Policy to deal with customer complaints properly. We take customer feedback seriously and have in place procedures to ensure that feedback and complaints from customers get handled in a timely and appropriate manner. Our management and Executive Directors are highly involved in the day-to-day management which investigate each complaint by identifying potential causes. All complaints are then properly documented and filed for future reference and follow-up. Complaints are examined and discussed for improvement at the regular meetings in order to better understand how we can improve the customer experience.

During the Year, we did not receive any serious complaint from customers and were not subject to any disciplinary actions imposed by any government authorities in respect of our quality of the services.

Privacy Protection

The Group attaches great attention to privacy protection. The Group only collects personal data which are necessary for conducting business, and the data are not used for any other purposes or without the consent of the related parties. Our employees who will be handling personal data must adhere to the data privacy protection measures. The Group will review the measures design and the management team will monitor the implementation of the measures on a regular basis. Some related measures as follows:

- Ascertain that personal data is secured from unintended deletion or loss;
- Employees are reminded to take extra care during handling customer information;
- Ensure that all data-storage devices are appropriately destroyed and reformatted after each use;
- Ongoing monitoring and testing of privacy risks to secure the computer databases and customer's information;
- Personal data is not allowed to be transferred or disclosed to entities which are not a member of the Group without the permission of the Group; and
- Unauthorized software is not permitted by the Group and employees should seek permission from the Group before installing software.

Protecting Intellectual Property

We respect intellectual property rights, such as trademarks, patents, and copyrights, among others. The Group kept a complete record of its intellectual property rights and will seek legal advice and take appropriate action if any of its intellectual property rights are infringed upon.

During the Reporting Period, we believe that we have taken all reasonable measures to protect our intellectual property rights and deter any such infringement. We were unaware of any infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us.

Overall compliance

During the Year, there were no material breach with relevant law and regulations relating to advertising, labelling and privacy matters recorded pertaining to our products and services. The Group has complied with relevant laws and regulations, including but limited to the below listed, that have a significant impact on the Group relating to safety, advertising, labelling and privacy matters relating to services provided and method of redress.

- ✓ Patents Ordinance (Cap. 514, the laws of Hong Kong)
- ✓ Personal Data (Privacy) Ordinance (Cap. 486, the laws of Hong Kong)
- ✓ Trade Marks Ordinance (Cap. 559, the laws of Hong Kong)

B7: Anti-corruption and Whistle-Blowing System

The Group is dedicated to running the business with integrity and cultivating an ethical corporate culture. The Group has established code of conduct and anti-money laundering policy. We have contained anti-corruption provisions, including but not limited to bribery, extortion, fraud, and money laundering, into the Group's code of conduct, which can be summarized as:

- a) requires our directors and employees not to solicit or accept any advantage from any person, company or organisation that the company is having business dealings with, except that they may accept (but not solicit) subject to conditions or with permission from the company's approving authority; and;
- b) prohibits our directors and employees from offering advantage to any director, staff member or agent of another company or organisation unless such offer carries no intention of improper influence in any dealing and it is ascertained that the intended recipient is permitted by his employer or principal to accept it.

Any potential conflicts of interest must be reported to the Group's human resource department. Any breach of behavior will result in the termination of the employment contract or consultancy agreement (as the case may be), as well as legal implications for the subject. Our human resource department will continually review the whole operations to prevent or detect fraudulence.

The Group also established whistleblowing policy for the detection of fraud and corruption risks. Our employees and stakeholders are encouraged to file their complaints, knowledge or suspicion of fraud, corruption or material violation of internal policies to our registered office in Hong Kong or at our whistleblowing email clsec@cheonglesec.com.hk or whatsapp via (852)9696 9887.

Upon receipt of goodwill whistleblowing reports, our executive directors will assess the cases on a fair and timely basis. They are also instructed to escalate important, sensitive or conflicting-interests matters to the Audit Committee which is responsible to oversee the whistleblowing policy and system.

During the Year, there are no non-compliance cases in relation to the bribery, corruption, extortion, fraud and money laundering and no legal actions brought against the Group its directors and employees. The Board believes that the Group is in compliance with relevant laws and regulations, such as:

- Cap. 201 Prevention of Bribery Ordinance
- Cap. 615 Anti-Money Laundering and Counter-Terrorist Financing Ordinance

B8: Community Investment

The Group strives to commit towards corporate social responsibility where it aims to establish and maintain a close relationship with the society amid the business development. We strongly encourage our employees to participate in various volunteer works.

The Group is committed to giving back to the community and maintains close communication and interaction with the community to contribute to community development.

SOCIAL KEY PERFORMANCE INDICATORS

		2024 (in person)	2024 Turnover rate	2023 (in person)
Workforce	Total			
	Full time	15	6.7%	15
	By gender			
	Male	11	0%	10
	Female	4	25%	5
	By age group			
	Under 30	1	0%	1
	30–50	9	6.7%	11
	Above 50	5	0%	3
	By employee category			
	Directors & Management	7	0%	6
	Office staff	8	6.7%	9
By geographical region				
Hong Kong	15	6.7%	15	

We have 1 leaver and 1 joiner in the Year constituting 6.7% (2023: 7%) of turnover rate. We have no (2023: 1) part-time staff during the Year.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. KWOK Kin Chung, aged 49, is the Chief Executive Officer and Executive Director of the Company. He also holds directorship in certain subsidiaries of the Company. Mr. Kwok obtained a Master degree in Finance in 2006 from Curtin University of Technology of Australia and a professional diploma in Corporate Finance from The Hong Kong Management Association. Mr. Kwok is responsible for managing daily operations and supervising dealing staff. He joined the Group in July 2010. Mr. Kwok has over 23 years of experience in securities and derivatives dealing.

Mr. LAU Kin Hon, aged 56, is an Executive Director of the Company. He also holds directorship in certain subsidiaries of the company. Mr. Lau is a practicing solicitor in Hong Kong. Mr. Lau obtained a bachelor of laws degree with honours from University College, London, U.K. and has been practicing law in Hong Kong for over 30 years. Mr. Lau is responsible for managing the compliance function of the Group and the provision of advice to the Group on legal and regulatory compliance matters. He joined the Group in January 2008. He is currently an Independent Non-executive Director of Mingfa Group (International) Company Limited (stock code: 846), which is listed on the Stock Exchange.

Ms. YU Linda, aged 51, is an Executive Director of the Company. She also holds directorship in certain subsidiaries of the company. Ms. Yu is responsible for the Company's business development, marketing, maintenance of clients' relations and such other matters as the Board shall from time to time direct. She joined the Group in October 2007. Ms. Yu has over 26 years of experience in the securities industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. POON Wing Chuen, aged 58, is an Independent Non-executive Director appointed on 30 June 2014. He is currently the Chief Financial Officer of a real estate development company listed on the Stock Exchange. Mr. Poon has over 34 years of experience in accounting and financial management. Mr. Poon obtained a professional diploma in accountancy from City University of Hong Kong. He is a fellow member of Association of Chartered Certified Accountants. In the three years preceding the Latest Practicable Date, Mr. Poon did not hold any directorship in any other listed companies.

Mr. WANG Rongqian, aged 43, is an Independent Non-executive Director appointed on 2 October 2018. Mr. Wang holds a Master degree in corporate and financial laws from the University of Hong Kong. Mr. Wang has extensive experience in the areas of project management, corporate finance, commercial trade and compliance. He was an independent non-executive director of Manison International Holdings Limited (stock code: 8456) from January 2021 to April 2022 and currently he is an independent non-executive Director of Simplicity Holding Limited (Stock Code: 8367), both are listed on the Stock Exchange.

Mr. SONG Guangyuan, aged 54, is an Independent Non-executive Director appointed on 1 April 2022. Mr. Song holds a Bachelor Degree in Mineral Engineering from Northeastern University (Previously known as Northeastern Institute of Technology). Mr. Song has extensive experience in asset valuation and cross-border acquisition. In the three years preceding the Latest Practicable Date, Mr. Song did not hold any directorship in any other listed companies.

REPORT OF DIRECTORS

The Directors of the Company (“Directors”) submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 41 to the consolidated financial statements. There were no significant changes in nature of Group’s principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group’s consolidated revenue and contribution to operating profit for the year by principal activities is set out in note 9 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2024 and the state of the affairs of the Group at that date are set out in the consolidated financial statements on pages 46 to 113.

The Directors do not recommend the payment of any dividend for the year (2023: Nil).

PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2024 are set out in note 41 to the consolidated financial statements.

INVESTMENT PROPERTIES AND PLANT AND EQUIPMENT

Details of the movements in investment properties and plant and equipment of the Group are set out in note 18 and note 17 to the consolidated financial statements respectively.

BORROWINGS

Particulars of bank loans of the Group are set out in note 30 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in consolidated statement of changes in equity on page 48 and note 34(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 March 2024, the Group’s reserve available for distribution, calculated in accordance with the Companies Law of Cayman Islands, amounted to approximately HK\$159.7 million. This includes the Company’s share premium in the amount of approximately HK\$130.9 million at 31 March 2024, which may be distributable provided that immediately follow 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.

DONATION

The Group charitable donations for the year amounting HK\$5,500 (2023: Nil).

SHARE CAPITAL

Details of the movements in share capital of the Company during the year, together with reasons therefore, are set out in note 32 to the consolidated financial statements.

SUMMARY OF FIVE YEAR FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for last five financial years is set out on page 114.

MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue for the year attributable to the Group's major customers is as follows:

— the largest customer	11.5%
— five largest customers combined	30.5%

To the best of the Directors' knowledge, none of the Directors, their associates or any shareholder who owns more than 5% of the Company's share capital had an interest in any of the major customers above.

The Group had no major supplier due to the nature of principal activities of the Group.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Mr. Kwok Kin Chung (*Chief Executive Officer*)
Mr. Lau Kin Hon
Ms. Yu Linda
Mr. Poon Wing Chuen*
Mr. Wang Rongqian*
Mr. Song Guangyuan*

* *Independent Non-executive Director*

In accordance with the provisions of the Company's Articles of Association and to comply with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules, Mr. Poon Wing Chuen, Mr. Wang Rongqian and Mr. Song Guangyuan will retire at the forthcoming AGM by rotation and, being eligible, offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical information of the Directors of the Group are set out on page 32 of this annual report.

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

As at 31 March 2024, save for the interest of the directors in share options as below, neither of the Directors nor the Chief Executive of the Company had interests and short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which (i) are 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) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Share Option

As at 31 March 2024, details of the share options granted under the Share Option Scheme are as follows:

Director	Date of grant (dd/mm/yyyy)	Options to Subscribe for Shares of the Company				Outstanding as at 31 March 2024	Option exercise Period (dd/mm/yyyy)	Exercise price per share [#]	Approximate percentage of shareholding
		Outstanding as at 1 April 2023	Granted during the period	Exercised during the period	Lapsed during the period				
Kwok Kin Chung	09/04/2014	20,000,000	—	—	(20,000,000)	—	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Yu Linda	09/04/2014	20,000,000	—	—	(20,000,000)	—	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Lau Kin Hon	09/04/2014	20,000,000	—	—	(20,000,000)	—	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Total		<u>60,000,000</u>	<u>—</u>	<u>—</u>	<u>(60,000,000)</u>	<u>—</u>			<u>2.73%</u>

[#] The exercise price of the share options is subject to adjustment in the case of bonus issues, or other similar Company's capital reorganisation.

note:

The above share options were granted pursuant to the Company's share option scheme adopted on 22 February 2011.

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 March 2024.

DIRECTORS' SERVICE CONTRACTS

Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of one year renewable for the year upon the expiration of the initial term and each subsequent one year term subject to termination in certain circumstance as stimulated in the relevant service contracts.

No Director has a service contract with the Company which is for a duration that may exceed 3 years or which requires the Company to, in order to terminate such contract, give a notice period of more than 1 year or pay compensation or make other payment equivalent to more than 1 year's emolument.

As at 31 March 2024, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which any Directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive Directors are independent.

EMOLUMENT POLICY

The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group.

Employees' 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.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees. Details of the scheme is set out in note 35 to the consolidated financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures" above and the "Share option scheme" below, at no time during the year have rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their spouse or children under 18 years of age to acquire such rights in any other body corporate.

SHARE SCHEMES

The Company adopted the Share Option Scheme on 22 February 2011, which was approved by the shareholders' written resolutions, was valid and effective for a period of 10 years. The Share Option Scheme was terminated and the new share option scheme (the "Second Share Option Scheme") was adopted on 4 August 2020. The Second Share Option Scheme was valid and effective for a period of 10 years from the date of adoption. On 8 April 2023, all outstanding share options were lapsed.

On 6 March 2024, in view of the amendments to Chapter 23 of the GEM Listing Rule relating to share schemes which came into effect on 1 January 2023, the Company proposed to adopt the New Share Scheme (the "New Share Scheme") to replace the Second Share Option Scheme in order to conform with the new requirements under the GEM Listing Rules. The New Share Scheme was adopted and the Second Share Option Scheme was terminated on 22 March 2024.

Purpose of the New Share Scheme

The purpose of the New Share Scheme is to enable the Company to grant Options or Awards to the Participants as incentives or rewards for their contributions to the Group. The New Share Scheme give the Participants an opportunity to have a personal stake in the Company and help motivate the Participants to optimise their performance and efficiency and attract and retain or otherwise maintain a long term relationship with the Participants whose contributions are or will be in line with the business objectives of the Group.

Participants of the New Share Scheme

Pursuant to the New Share Scheme, The Board may, at its absolute discretion and on such terms as it may think fit, grant to any Participants Options or Awards as it may determine in accordance with the terms of the New Share Scheme. Eligible Participants include (a) directors and employees of any member of the Group (including persons who are granted Options or Awards under the Scheme as an inducement to enter into employment contracts with any member of the Group); (b) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company.

Total number of Shares available for issue under the New Share Scheme

The maximum number of Shares which may be issued in respect of all Options or Awards to be granted under the Scheme and any other schemes of the Group shall not in aggregate exceed 220,000,000 Shares, being 10% of the Shares in issue as at the date of adoption of the New Share Scheme.

As at 31 March 2024, the total number of Shares available for issue pursuant to the grant of further options under the Scheme was 220,000,000, representing 10% of the issued share capital of the Company as at 31 March 2024.

No share option or award was granted, exercised, cancelled or lapsed under the New Share Scheme during the year ended 31 March 2024.

Maximum entitlement of each participant

Where any grant of Options or Awards to a Participant would result in the Shares issued and to be issued in respect of all Options or Awards granted to such person (excluding any Options or Awards lapsed in accordance with the terms of the Scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the Shares of the Company in issue (the "Individual Limit"), such grant must be separately approved by Shareholders of the Company in general meeting with such Participant and his/her close associates (or associates if the Participant is a connected person) abstaining from voting.

Grant of Options or Awards and acceptance of offers

An offer for the grant of Options or Awards must be accepted within 21 days inclusive of the day on which such offer was made. The letter of offer shall specify the terms on which the Option or Award is to be granted. To the extent that the offer of the grant of an Option or Award is not accepted within 21 days, it will be deemed to have been irrevocably rejected by the Participant and the offer shall lapse and become null and void.

Option exercise period

An Option may be exercised in whole or in part after the same has become vested and at any time during a period as the Board may determine which shall not exceed ten years from the date of offer of the Options.

Vesting Conditions and Exercise Price

The vesting period in respect of any Option or Award shall be not less than twelve (12) months. The exercise price of an Option granted under the New Share Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least 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 of the Option, which must be a business day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of offer. The Board may in its absolute discretion determine whether the grantee is required to pay any purchase price for the acquisition of the Shares underlying an Award.

Period of the New Share Scheme

The New Share Scheme will remain in force for a period of ten years commencing from the date of its adoption (i.e. 22 March 2024) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier pursuant to the terms of the New Share Scheme.

As at 31 March 2024, details of the share options granted under the Share Option Scheme are as follows:

Grantee	Date of Grant (dd/mm/yyyy)	Exercise price per share HK\$	Exercisable period (dd/mm/yyyy)	Balance as at 1 April 2023	Changes during the year			Balance as at 31 March 2024
					Granted	Exercised	Cancelled/ lapsed	
Kwok Kin Chung, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	(20,000,000)	—
Yu Linda, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	(20,000,000)	—
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	(20,000,000)	—
			Sub-total	60,000,000	—	—	(60,000,000)	—
Employees	09/04/2014	0.2275	09/04/2014 — 08/04/2023	40,000,000	—	—	(40,000,000)	—
			Total	100,000,000	—	—	(40,000,000)	—
Weighted average exercise price				0.2275	—	—	—	—

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

As at 31 March 2024, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and Chief Executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long position in shares of the Company

Name of shareholder	Number of shares	Approximate percentage holding
Zillion Profit Limited	1,500,000,000	68.18%
Ms. Au Suet Ming Clarea (<i>note i</i>)	1,500,000,000	68.18%

note:

- (i) Ms. Au Suet Ming Clarea is deemed to be interested in 1,500,000,000 shares through her controlling interest (100%) in Zillion Profit Limited.

Save as disclosed above, as at 31 March 2024, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or any persons (not being a Director) have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions in Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

RETIREMENT BENEFIT SCHEME

Particulars of the retirement benefit scheme of the Group are set out in note 36 to the consolidated financial statements.

ENVIRONMENTAL POLICY

The Group supports environmental protection, implements green office practices and promotes green awareness within the company. Such measures include the using of energy-saving lightings and recycled paper, minimising the use of paper, reducing energy consumption by switching off idle lightings, computers and electrical appliances.

TAX RELIEF

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

PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from any loss to which the Directors of the Company might be liable arising from their actual or alleged misconduct.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Non-exempt One-off Connected Transactions

For the year ended 31 March 2024, the Company has not entered into any non-exempt one-off connected transactions which were subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under the GEM Listing Rules.

Non-exempt Continuing Connected Transactions

For the year ended 31 March 2024, the Company has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of GEM Listing Rules.

Significant related party transactions entered by the Group during the year as disclosed in note 39(a) to the consolidated financial statements, constitute connected transactions under the GEM Listing Rules.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties (as defined under the GEM Listing Rules); and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contracts of significance to which the Company or its subsidiaries or holding company or a subsidiary of the Company's holding company is a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 March 2024, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

NON-COMPETITION UNDERTAKING

Each of Ms. Au, Zillion Profit Limited, Mr. Kwok Kin Chung, Mr. Lau Kin Hon and Ms. Yu Linda as covenantor (each a "Covenantor", collectively, "Covenantors") entered into a deed of non-competition dated 25 February 2011 in favour of the Company and its subsidiaries (the "Deed of Non-competition").

The Company has received from each of the Covenantors an annual confirmation on the compliance of the non-competition undertaking under the Deed of Non-competition (the "Undertaking"). The independent non-executive Directors have reviewed the compliance of the Undertaking from the Covenantors and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that the Covenantors have complied with the Undertaking.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules.

AUDITOR

The consolidated financial statements for the years ended 31 March 2024 were audited by Confucius International CPA Limited ("Confucius").

Confucius will retire and, being eligible, offer themselves for reappointment. A resolution for the re-appointment of Confucius as auditor of the Company is to be proposed at the AGM.

On behalf of the board

Kwok Kin Chung
Chief Executive Officer

Hong Kong, 25 June 2024

INDEPENDENT AUDITOR'S REPORT



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TO THE MEMBERS OF CL GROUP (HOLDINGS) LIMITED

昌利(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CL Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 113, which comprise the consolidated statement of financial position as at 31 March 2024, and the 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 2024, 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 OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision of ECL on trade receivables and loan receivables

We identified the provision of ECL and impairment assessment on trade receivables and loan receivables as a key audit matter due to management judgement being required in making an assessment of the adequacy of the provision of ECL and impairment assessment for trade receivables and loan receivables arising from the securities and futures trading business and the money lending business.

As detailed in Notes 22 and 23 to the consolidated financial statements, the Group's trade receivables and loan receivables at 31 March 2024 amounted to HK\$109,271,568 and HK\$78,811,682 respectively and impairment allowance of HK\$3,852,949 and HK\$30,096,209 respectively are provided for the current year.

The ECL of the trade receivables and loan receivables were assessed by the management after taking into account of the credit loss experience, ageing of overdue balances, cash flows that are expected from the realisation of collaterals, borrowers' repayment history and financial condition of borrowers as well as forward-looking information.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's provision of ECL of trade receivables and loan receivables included:

- Understanding and evaluating the entity's key controls on how the management estimates the credit loss allowance for trade receivables and loan receivables;
- Evaluating management's assessment of the status of the trade receivables and loan receivables by reference to past due status, past collection history and financial condition of the borrowers;
- Understanding management's basis and judgement in determining credit loss allowance on trade receivables and loan receivables at 31 March 2024, including the identification of credit-impaired trade receivables and loan receivables, estimated loss rates applied to each borrower, collaterals pledged to the Group, the use of economic variables and relative weighting for forward-looking scenarios;
- assessing the appropriateness of the ECL provisioning methodology; examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including background information of the customers, past settlement records of the customers, concentration risk of customers and the Group's actual loss experience; and
- checking the subsequent settlement of trade receivables after the year end date.

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

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. 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.

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.

Confucius International CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate Number: P04084

Hong Kong, 25 June 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	2024 HK\$	2023 HK\$
Revenue	7	40,516,830	37,971,113
Net (loss) gain on trading of financial assets at fair value through profit or loss ("FVTPL")		(940,489)	4,437,813
Net loss on derecognition of debt instruments at fair value through other comprehensive income ("FVTOCI")		—	(1,013,078)
Net change in fair value of financial assets at FVTPL		(2,220,421)	(9,677,711)
Net other income, gains and losses	8(a)	881,977	618,935
Impairment losses under expected credit loss model, net of reversal	8(b)	(30,526,810)	(17,577,504)
Impairment losses of goodwill		—	(2,135,378)
Administrative expenses		(17,540,267)	(16,217,755)
Finance costs	10	(1,223,892)	(1,604,330)
Loss before tax	11	(11,053,072)	(5,197,895)
Income tax expenses	14	(1,203,977)	(359,443)
Loss for the year attributable to owners		(12,257,049)	(5,557,338)
Other comprehensive (expense) income for the year, net of income tax			
<i>Items that are reclassified or may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(172,769)	122,541
Fair value change in debt instruments at FVTOCI		(1,256,611)	(1,217,076)
Reclassification adjustment on derecognition of debt instruments at FVTOCI		—	938,944
		(1,429,380)	(155,591)
Total comprehensive expense attributable to owners of the Company for the year		(13,686,429)	(5,712,929)
Loss per share			
— Basic	16	(0.56) cents	(0.25) cents
— Diluted	16	(0.56) cents	(0.25) cents

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	Notes	2024 HK\$	2023 HK\$
Non-current assets			
Plant and equipment	17	169,493	233,515
Investment properties	18	8,641,430	9,157,385
Right-of-use assets	20(a)	1,616,163	3,771,048
Other assets	21	1,705,000	1,705,000
Loans receivables	23	32,987,703	33,104,974
Rental and utility deposits	24	—	649,689
Financial assets at FVTOCI	25	500	285,992
Deferred tax assets	31	3,633,539	3,717,928
		48,753,828	52,625,531
Current assets			
Trade receivables	22	109,271,568	82,477,067
Loans receivables	23	45,823,979	69,426,884
Other receivables, deposits and prepayments	24	776,006	110,679
Financial assets at FVTPL	26	7,204,077	16,896,055
Financial assets at FVTOCI	25	289,439	1,260,558
Tax refundable		1,238,143	311,122
Pledged bank deposit	27	5,000,000	10,000,000
Bank balances and cash — trust accounts	27	27,366,802	61,600,916
Bank balances and cash — general accounts	27	3,618,638	6,505,255
		200,588,652	248,588,536
Current liabilities			
Trade payables	28	28,141,118	64,015,324
Other payables and accruals	29	8,236,913	7,896,524
Borrowings	30	28,293,898	29,000,000
Lease liability — due within one year	20(b)	1,671,042	2,170,438
Income tax payables		286,922	—
		66,629,893	103,082,286
Net current assets			
		133,958,759	145,506,250
Total assets less current liabilities			
		182,712,587	198,131,781
Non-current liabilities			
Lease liability — due after one year	20(b)	—	1,671,042
Deferred tax liabilities	31	1,033,750	1,095,473
		1,033,750	2,766,515
Net assets			
		181,678,837	195,365,266
Capital and reserves			
Share capital	32	22,000,000	22,000,000
Reserves		159,678,837	173,365,266
Total equity			
		181,678,837	195,365,266

The consolidated financial statements on pages 46 to 113 were approved and authorised for issue by the Board of Directors on 25 June 2024 and are signed on its behalf by:

Kwok Kin Chung
Director

Lau Kin Hon
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Share options reserve HK\$	Fair value through other comprehensive income reserve HK\$	Capital reserve HK\$	Exchange reserve HK\$	Retained profits HK\$	Attributable to owners of the Company HK\$
At 1 April 2022	22,000,000	130,931,993	32,500,000	8,275,000	(11,837,233)	(112,519)	—	19,320,954	201,078,195
Loss for the year	—	—	—	—	—	—	—	(5,557,338)	(5,557,338)
Other comprehensive expense	—	—	—	—	(278,132)	—	122,541	—	(155,591)
Total comprehensive expense for the year	—	—	—	—	(278,132)	—	122,541	(5,557,338)	(5,712,929)
Lapse of share option	—	—	—	(1,655,000)	—	—	—	1,655,000	—
At 31 March 2023 and 1 April 2023	22,000,000	130,931,993	32,500,000	6,620,000	(12,115,365)	(112,519)	122,541	15,418,616	195,365,266
Loss for the year	—	—	—	—	—	—	—	(12,257,049)	(12,257,049)
Other comprehensive expense	—	—	—	—	(1,256,611)	—	(172,769)	—	(1,429,380)
Total comprehensive expense for the year	—	—	—	—	(1,256,611)	—	(172,769)	(12,257,049)	(13,686,429)
Lapse of share option	—	—	—	(6,620,000)	—	—	—	6,620,000	—
At 31 March 2024	22,000,000	130,931,993	32,500,000	—	(13,371,976)	(112,519)	(50,228)	9,781,567	181,678,837

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Notes	2024 HK\$	2023 HK\$
Operating activities			
Loss before tax		(11,053,072)	(5,197,895)
Adjustments for:			
Depreciation of plant and equipment	17	87,203	110,639
Depreciation of right-of-use assets	20	2,154,885	2,154,886
Net loss (gain) on trading of financial assets at FVTPL		940,489	(4,437,813)
Net loss on derecognition of debt instruments at FVTOCI		—	1,013,078
Net change in fair value of financial assets at FVTPL		2,220,421	9,677,711
Dividend income	8(a)	(190,894)	(127,796)
Interest income from authorized financial institutions		(1,274,163)	(335,500)
Interest expenses	10	1,223,892	1,604,330
Impairment loss on loan receivables under ECL model	8(b)	30,096,209	33,849,805
Impairment loss on trade receivables under ECL model	8(b)	3,852,949	202,431
Recovery of loan receivables	8(b)	(3,229,908)	(10,572,065)
Recovery of trade receivables	8(b)	(192,440)	(4,900,000)
Recovery of corporate bond	8(b)	—	(1,002,667)
Impairment losses of goodwill		—	2,135,378
Operating cash flows before movements in working capital		24,635,571	24,174,522
Increase in trade receivables		(30,455,010)	(73,087,661)
(Increase) Decrease in loans receivables		(3,146,125)	29,733,176
(Increase) Decrease in other receivables, deposits and prepayments		(665,327)	496,239
Decrease in other assets		649,689	25,000
Decrease in pledged bank deposit		5,000,000	—
Decrease (Increase) in bank balances and cash — trust accounts		34,234,114	(20,176,689)
(Decrease) Increase in trade payables		(35,874,206)	16,965,895
Increase (Decrease) in other payable and accruals		625,968	(502,559)
Cash used in operations		(4,995,326)	(22,372,077)
Hong Kong Profits Tax paid		(1,759,687)	(671,870)
Interest paid on lease liability		(85,562)	(149,630)
NET CASH USED IN OPERATING ACTIVITIES		(6,840,575)	(23,193,577)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	<i>Notes</i>	2024 HK\$	2023 HK\$
Investing activities			
Dividend income		1,274,163	335,500
Interest received		190,894	127,796
Purchase of plant and equipment		(23,181)	(23,268)
Purchase of financial assets at FVTPL		(234,000)	(15,264,509)
Purchase of debt instruments at FVTOCI		—	(135,589)
Proceeds from derecognition of financial assets at FVTPL		6,765,067	13,741,175
Proceeds from derecognition of debt instruments at FVTOCI		—	109,200
Proceeds from recovery of corporate bond		—	1,002,667
Net cash outflow on acquisition of a subsidiary	33	—	(5,007,583)
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		7,972,943	(5,114,611)
Financing activities			
Interest paid	42	(1,138,330)	(1,454,700)
Dividends paid	42	—	—
Drawdown of shareholder loan	42	(500,000)	5,000,000
Capital element of lease rentals paid	42	(2,170,438)	(2,106,370)
Drawdown on bank loans/bank overdraft	42	210,438,296	365,000,000
Repayment of bank loans/bank overdraft	42	(210,644,398)	(361,000,000)
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES		(4,014,870)	5,438,930
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,882,502)	(22,869,258)
Effect of foreign exchange rate changes		(4,115)	1,420
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		6,505,255	29,373,093
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		3,618,638	6,505,255
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Bank balances and cash — general accounts	27	3,618,638	6,505,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business is Room 16B, 16/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

The consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the provision of securities, futures and options brokering and trading, loan financing services, placing and underwriting services, securities advisory services and investment holding.

The ultimate holding company of the Group is Zillion Profit Limited, a private company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Ms. Au Suet Ming Clarea (“Ms. Au”).

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amended standards adopted by the Group

The Group has applied the following standards and amendments which are first effective for their annual reporting period commencing 1 April 2023.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The adoption of these new and amendments to standards did not have any material impact on the consolidated financial statements for the current year or any prior years.

For the year ended 31 March 2024

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amended HKFRSs that have been issued but are not yet effective

The following amended HKFRSs, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the respective dates they become effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Association or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and relating amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective date to be determined.

² Effective for annual periods beginning on or after 1st January 2024.

³ Effective for annual periods beginning on or after 1st January 2025.

The directors of the Company do not anticipate that the application of these amendments in the future will have any significant impact on the consolidated financial statements.

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 GEM of the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance. Material accounting policies adopted by the Group are detailed below.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for those stated otherwise, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

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 (including structured 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.

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 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 into 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.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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 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 at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

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 recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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

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 units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is 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 cash-generating units).

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

For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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;
- the Group’s performance creates and 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.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group’s performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Existence of significant financing component (Continued)

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

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 each 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 on 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 on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting 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 expense 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 the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

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

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

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the 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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Employee benefits****Retirement benefit costs**

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, in accordance with the rules of the MPF Scheme.

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 in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Share-based payment transactions

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. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 33 to the consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments 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 options reserve). At the end of the reporting period, the Group revises its estimates of the number of equity instruments expected to vest. 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 share options 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 options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 “profit before tax” as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 difference associated with investments in subsidiaries and associates, and interests in joint ventures, 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 and interests 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 rates (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 amount of its assets and liabilities.

Current and deferred tax for the year

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes 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 the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Current and deferred tax for the year (Continued)

For leasing transaction 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.

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 tax 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 tax 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.

Plant and equipment

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

Leasehold improvement	50% or remaining lease term
Furniture and equipment	20%
Computer equipment	20%

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 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 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.

Borrowing costs

Borrowing costs are interests and other costs (e.g. transaction costs) that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Future trading right

Future trading rights, with which the holders have the rights to trade on the Stock Exchange and Hong Kong Futures Exchange Limited (“HKFE”) are stated at cost less accumulated amortisation and impairment losses. The costs are amortised over 5 years based on the management opinion.

Film rights

Film rights are stated at cost less accumulated amortisation and impairment losses. Their costs are amortised over 7 years based on the expected lifespan of the film rights with reference to development plan.

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.

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets, 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).

The recoverable amount of 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 cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. 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 cash-generating units. 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 cash-generating units. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Offsetting of financial instruments

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.

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 the 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 (when 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.

Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash at banks and cash on hand, demand deposits with banks and other financial institutions, short-term, highly liquid investments that are readily convertible to cash and with a maturity of three months or less from date of investment, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

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 that are directly attributable to the acquisition of financial assets and 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.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

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 collecting contractual cash flows and selling; 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.

For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share capital (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/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 classified as 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 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.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) 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 FVTOCI 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, and will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Share capital** (Continued)**Financial assets** (Continued)*Classification and subsequent measurement of financial assets* (Continued)

(iii) Equity instruments designated as at FVTOCI (Continued)

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

(iv) Financial assets 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.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including loan to customers, advances to customers in margin financing, advances to customers for merger and acquisition activities and asset-backed financing to customers, investment securities at amortised cost, reverse repurchase agreements, accounts receivable that is not result of transactions within the scope of HKFRS 15, deposits and other receivables, cash and cash equivalents, cash held on behalf of customers and debt instruments), loan commitments and contract assets (if any). 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.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless 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.

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;

For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the 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.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

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 (without taking into account any collaterals held by the Group).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events 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:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) 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;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(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, or in the case of trade receivables and loans receivables, when the amounts are over two years past due, 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.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available.

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.

For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by 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 investments in debt instruments at FVTOCI and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account. For investments in debt instruments at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the relevant reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the reserve in relation to accumulated loss allowance.

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 a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to 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 FVTOCI reserve is not reclassified to profit or loss, but is transferred to other gains and losses.

On derecognition of a financial asset at fair value through profit or loss, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

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.

Financial liabilities and equity instruments

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments (Continued)

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including trade payables, accruals and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition 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.

Segment reporting

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

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Related parties

A related party is a person or entity that is related to the Group that is preparing its consolidated financial statements.

- (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 of the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or a parent of the Group.

For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

- (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 third party.
 - (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. If the Group is itself such a plan, the sponsoring employers are also 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).
 - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Leases

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 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.

The Group as a lessee

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Definition of a lease (Continued)

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

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

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.

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

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

For the year ended 31 March 2024

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Definition of a lease (Continued)

Lease liabilities (Continued)

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

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

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.

Depreciation and amortisation

The Group depreciates and amortises the plant and equipment and intangible assets over their estimated useful lives respectively and after taking into account their estimated residual values, using the straight-line method. The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment and intangible assets. The residual values reflect the Directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Provision of ECL for debt instruments at FVTOCI

The Group had performed ECL assessment for debt instruments at FVTOCI individually. The determination of the loss allowances is dependent on the external macro environment and the credit rating of each debt instrument. The management takes into consideration historical data from the international rating agencies.

The provision of ECL involves significant estimates and judgements, including determination of whether there is significant increase in credit risk since initial recognition, use of assumptions in determination of probability of default, incorporation of forward looking information. The information about the Group's debt instruments and the ECL are disclosed in Note 25.

At 31 March 2024, the carrying amount of debt instruments at FVTOCI amounted to HK\$289,939 (2023: HK\$1,546,550) with no impairment allowance recognised during the year (2023: Nil).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provision of ECL on trade receivables and other receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customers' current credit-worthiness, as determined by review of their current credit information. 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 lifetime ECL on credit-impaired financial assets, the Group performs the assessment based on the Group's historical credit loss experience, adjusted for factors that 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. Moreover, the Group also reviews the value of the collaterals received from the customers in determining the impairment. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce material differences between loss estimates and actual loss experience. As at 31 March 2024, the carrying amount of trade receivables was HK\$109,271,568 (2023: HK\$82,477,067). The Group has made HK\$3,852,949 (2023: HK\$202,431) impairment loss during the year.

Provision of ECL on loans receivables

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. 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. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

As at 31 March 2024, the carrying amount of loans receivables was HK\$78,811,682 (2023: HK\$102,531,858). The Group has made HK\$30,096,209 (2023: HK\$33,849,805) impairment loss during the year.

Fair value measurement of financial instruments

The Company selects appropriate valuation techniques for financial instruments which are classified as level 2 for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly. If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices at arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models.

For the year ended 31 March 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2024 at their fair value of HK\$8,641,430 (2023: HK\$9,157,385). The fair value was based on a valuation on these properties conducted by an independent professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss. Details of the fair value measurement of investment properties are disclosed in Note 18 to the consolidated financial statements.

Income and deferred tax

As at 31 March 2024, the Group had estimated unused tax losses of HK\$38,032,854 (2023: HK\$10,220,999) available for offset against future profits. No deferred tax assets have been recognised on such tax losses due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future.

5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In addition, a subsidiary of the Group licensed by the Securities and Futures Commission ("SFC") is obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("FRR") at all times.

For the licensed subsidiary, the Group ensures that it maintains a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increases in the level of business activities. During the financial year, the licensed subsidiary complied with the liquid capital requirements under the FRR at all times.

Consistent with practices in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total indebtedness divided by total capital. Total indebtedness is total borrowings (including current and non-current borrowings). Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

At the end of the reporting period, the Group has borrowings of HK\$28,293,898 (2023: HK\$29,000,000) and, accordingly, the gearing ratio is 0.16 (2023: 0.15).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets	Fair value through profit or loss (held for trading) <i>HK\$</i>	Financial assets at fair value through other comprehensive income <i>HK\$</i>	Financial assets at amortised costs <i>HK\$</i>	Total <i>HK\$</i>
2024				
Financial assets at FVTOCI (Note 25)	—	289,939	—	289,939
Financial assets at FVTPL (Note 26)	7,204,077	—	—	7,204,077
Other assets	—	—	1,705,000	1,705,000
Trade and other receivables	—	—	109,976,419	109,976,419
Loans receivables (Note 23)	—	—	78,811,682	78,811,682
Cash and cash equivalents	—	—	35,985,440	35,985,440
	<u>7,204,077</u>	<u>289,939</u>	<u>226,478,541</u>	<u>233,972,557</u>
2023				
Financial assets at FVTOCI (Note 25)	—	1,546,550	—	1,546,550
Financial assets at FVTPL (Note 26)	16,896,055	—	—	16,896,055
Other assets	—	—	1,705,000	1,705,000
Trade and other receivables	—	—	82,544,101	82,544,101
Loans receivables (Note 23)	—	—	102,531,858	102,531,858
Cash and cash equivalents	—	—	78,106,171	78,106,171
	<u>16,895,055</u>	<u>1,546,550</u>	<u>264,887,130</u>	<u>283,328,735</u>
			2024 <i>HK\$</i>	2023 <i>HK\$</i>
Financial liabilities at amortised cost				
Trade payables			28,141,118	64,015,324
Other payables			8,236,913	7,896,524
Borrowings			28,293,898	29,000,000
Lease liability			1,671,042	3,841,480
			<u>66,342,971</u>	<u>104,753,328</u>

The Directors consider that the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

(b) Financial risk management objectives and policies

The Group's major financial instruments include other assets, trade receivables, loans receivables, other receivables, deposits, financial assets at FVTPL, financial assets at FVTOCI, pledged bank deposits, bank balances and cash, trade payables, other payables and accruals, bank borrowings and lease liability. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risk (foreign currency risk, interest rate risk and equity price risk) and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to trade receivables due from clients, brokers and clearing houses and loans receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

As at 31 March 2024, 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 is arising from the carrying amount of trade and loans receivables, deposits and other receivables, bank and cash balances and pledged bank deposits included in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and loans receivables. The Group has policies in place to ensure that sales are made to customers with a proper credit history. In addition, the directors of the Company review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

The Group has no significant concentration of credit risk. The percentage of trade and loans receivables due from the Group's five largest customers in aggregate to the Group's total trade and loan receivables net of allowance is 37% (2023: 38%) as at 31 March 2024.

The Group's exposure to credit risk is influenced mainly by 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 2024, 10% (2023: 6%) and 27% (2023: 38%) of the total trade and loans receivables due from clients were from the Group's five largest clients.

Further quantitative data in respect of the collaterals and the Group's exposure to credit risk arising from trade and loans receivables are disclosed in notes 22 and 23.

All of the balance in other receivables, deposits and prepayments (except the non-current rental and utility deposits) are normally settled within one year and the Directors consider the credit risk for such is minimal.

Bank balances are placed in various authorised financial institutions and the Directors consider the credit risk for such is minimal.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

6. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies** (Continued)**(ii) Market risk***Foreign currency risk*

Certain assets of the Group are denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities as at the reporting date are as follows:

	2024		2023	
	Assets HK\$	Liabilities HK\$	Assets HK\$	Liabilities HK\$
Renminbi ("RMB")	<u>8,704,572</u>	<u>5,817,500</u>	<u>9,234,442</u>	<u>6,164,276</u>

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in HK\$ against RMB.

The following table shows the sensitivity analysis of a 5% (2023: 5%) increase/decrease in HK\$ against RMB, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2024 HK\$	2023 HK\$
Increase/decrease in profit or loss	<u>144,354</u>	<u>153,508</u>

Interest rate risk

Interest rate risk is the risk of loss due to changes in interest rates. The Group's interest rate risk exposure arises predominantly from margin financing and loans to customers. The margin receivables, loans receivables, bank balances and bank borrowings are exposed to interest rates risk.

The Group's exposure to interest rates risk on financial assets and financial liabilities are detailed below.

	2024 HK\$	2023 HK\$
Financial instruments bearing variable interest rates in nature		
Assets		
Trade receivables	102,166,067	78,344,201
Loans receivables	78,811,682	102,531,858
Bank balances	8,618,638	16,505,255
Liabilities		
Borrowings	<u>(28,293,898)</u>	<u>(29,000,000)</u>
	<u>161,302,489</u>	<u>168,381,314</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

At 31 March 2024, assuming the Hong Kong market interest rate had been 50 basis points (2023: 50 basis points) higher/lower and all other variables held constant, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2024 HK\$	2023 HK\$
Increase/decrease in profit or loss	<u>806,512</u>	<u>841,907</u>

In management's opinion, the sensitivity analysis is unrepresentative of the market interest rate risk as the year end exposure does not reflect the exposure during the year.

Equity price risk

The Group is exposed to equity price risk mainly through its investments in listed equity securities and other securities (equity-linked notes).

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% (2023: 5%) higher/lower, the effect in the profit or loss for the year is as follows:

	2024 HK\$	2023 HK\$
Increase/decrease in profit or loss	<u>360,204</u>	<u>844,803</u>

(iii) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, and to ensure compliance with the Financial Resources Rules. The Group's policy is to regularly monitor its liquidity requirement and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Internally generated cash flows and bank borrowings are the source of funds to finance the operations of the Group. The Group's liquidity risk management includes making available standby bank facilities and diversifying funding sources. The Group regularly reviews major funding positions to ensure adequate financial resources are available to meet their respective financial obligations.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and funding in the short and longer term. All of the Group's current liabilities are expected to be settled within one year. The carrying amounts of all financial liabilities equal to the contractual undiscounted cash outflows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk (Continued)

As at 31 March 2024, the Group has available banking facilities of HK\$5,706,102 (2023: HK\$25,500,000) which were not utilised, details are disclosed in note 37.

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted cash flows, is as follows:

	Average interest HK\$	Carrying amount HK\$	On demand or within 1 year HK\$	1–2 years HK\$	Total contractual undiscounted cash flow HK\$
As at 31 March 2024					
Trade and other payables	N/A	36,378,031	36,378,031	—	36,378,031
Bank borrowings	5.22%	23,793,898	23,897,454	—	23,897,454
Shareholder loan	5%	4,500,000	4,725,000	—	4,725,000
Lease liability	3%	1,671,042	1,692,000	—	1,692,000
		66,342,971	66,692,485	—	66,692,485
As at 31 March 2023					
Trade and other payables	N/A	71,911,848	71,911,848	—	71,911,848
Bank borrowings	5.64%	24,000,000	24,893,417	23,542	24,916,959
Shareholder loan	2.5%	5,000,000	5,125,000	—	5,125,000
Lease liability	3%	3,841,480	2,256,000	1,692,000	3,948,000
		104,753,328	104,186,265	1,715,542	105,901,807

(c) Financial instruments carried at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1, Level 2 and Level 3.

Financial assets	Classified as	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		31 March 2024 HK\$	31 March 2023 HK\$				
Listed equity securities in Hong Kong	Financial asset at FVTPL	5,083,995	8,528,391	Level 1	Quoted bid prices in an active market	N/A	N/A
Listed equity securities in overseas	Financial asset at FVTPL	2,120,082	8,367,664	Level 1	Quoted bid prices in an active market	N/A	N/A
Listed debt securities in overseas	Financial asset at FVTOCI	289,439	1,546,050	Level 1	Quoted values or recent transaction price in an active market	N/A	N/A
Unlisted equity securities in Hong Kong	Financial asset at FVTOCI	500	500	Level 3	Basis of net asset value of investment	N/A	N/A

There were no transfers between Level 1, 2 and 3 during the year.

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For the year ended 31 March 2024

7. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2024 HK\$	2023 HK\$
Recognised at a point in time		
Commission and brokerage fees from securities dealing on the Stock Exchange	4,485,249	3,807,725
Placing and underwriting commission	2,050,753	840,994
Commission and brokerage fees from dealing in futures contracts	157,453	348,253
Commission income from securities advisory services	50,000	110,000
Clearing and settlement fee	1,734,797	1,311,472
Handling service and dividend collection fees	432,090	197,859
Other sources income		
Interest income from		
— margin client	13,791,831	8,204,639
— loan client	16,117,891	22,235,828
— cash client	396,758	238,907
— authorised financial institutions	1,274,163	335,499
— financial assets at FVTPL	—	321,750
— financial assets at FVTOCI	149	11,770
— others	25,696	6,417
	40,516,830	37,971,113

Notes: Income recognised at "a point in time" are revenue in accordance with HKFRS 15, while interest income are under the scope of HKFRS 9.

See note 9 for an analysis of revenue by major segments.

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

	2024 HK\$	2023 HK\$
Dividend income	190,894	127,796
Net exchange gain	15,992	44,308
Government grants	—	239,600
Rental income	226,570	103,671
Sundry incomes	448,521	103,560
	881,977	618,935

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

8. (b) IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2024 HK\$	2023 HK\$
Impairment loss on trade receivables under ECL model	(3,852,949)	(202,431)
Impairment loss on loans receivable under ECL model	(30,096,209)	(33,849,805)
Recovery of trade receivables	192,440	4,900,000
Recovery of loans receivables	3,229,908	10,572,065
Recovery of corporate bond	—	1,002,667
	<u>(30,526,810)</u>	<u>(17,577,504)</u>

9. BUSINESS AND GEOGRAPHICAL SEGMENTS

Information reported to the Board, being the CODM, for the purposes of resource allocation and assessment of segment performance, focuses on types of services provided. In addition, for 'securities, futures and options brokering and trading', 'Placing and underwriting', 'Loan financing', 'securities advisory service' and 'Investment holding', the information reported to the Board is further analysed based on the different classes of customers.

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

Securities, futures and options brokering and trading	Provision of securities and futures brokering services and margin financing
Placing and underwriting	Provision of placing and underwriting services
Loan financing	Provision of money lending service
Securities advisory service	Provision of securities advisory service
Investment holding	Investment income and capital appreciation

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs that are regularly reviewed by the CODM.

Segments profit represents profit earned by each segment without allocation of net other income, gains and losses, central administration costs and finance costs. This is the basis of measurement reported to the CODM for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments

Segment revenues and results

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

	2024					Consolidated HK\$
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	
Segment revenues						
— Recognised at a point in time	6,809,589	2,050,753	—	50,000	—	8,910,342
— Other sources income	15,393,801	—	16,118,067	—	94,620	31,606,488
	<u>22,203,390</u>	<u>2,050,753</u>	<u>16,118,067</u>	<u>50,000</u>	<u>94,620</u>	<u>40,516,830</u>
Segment results	<u>13,245,996</u>	<u>1,600,828</u>	<u>(12,805,555)</u>	<u>(145,251)</u>	<u>(3,492,707)</u>	<u>(1,596,689)</u>
Net other income, gains and losses						<u>(2,969,426)</u>
Unallocated administrative expenses						<u>(5,263,065)</u>
Finance cost						<u>(1,223,892)</u>
Loss before tax						<u>(11,053,072)</u>
Income tax expenses						<u>(1,203,977)</u>
Loss for the year						<u>(12,257,049)</u>
	2023					
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	Consolidated HK\$
Segment revenues						
— Recognised at a point in time	5,671,262	840,994	—	110,000	—	6,622,256
— Other sources income	8,679,323	—	22,236,292	—	433,242	31,348,857
	<u>14,350,585</u>	<u>840,994</u>	<u>22,236,292</u>	<u>110,000</u>	<u>433,242</u>	<u>37,971,113</u>
Segment results	<u>11,165,010</u>	<u>420,139</u>	<u>(3,448,312)</u>	<u>(72,635)</u>	<u>(7,272,887)</u>	<u>791,315</u>
Net other income, gains and losses						—
Unallocated administrative expenses						<u>(4,384,880)</u>
Finance cost						<u>(1,604,330)</u>
Loss before tax						<u>(5,197,895)</u>
Income tax expenses						<u>(359,443)</u>
Loss for the year						<u>(5,557,338)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Segment revenues and results (Continued)

Revenue reported above represents revenue generated from external customers. There were no inter-segment transactions during the year (2023: HK\$Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of net other income, gains and losses, unallocated administrative expenses and finance costs. This is the measure reported to the CODM for the purpose of resources allocation and performance assessment.

Segment assets and liabilities

	2024					Consolidated HK\$
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	
Assets						
Segment assets	138,661,039	—	79,907,439	—	19,780,414	238,348,892
Unallocated assets						<u>10,993,588</u>
Total assets						<u><u>249,342,480</u></u>
Liabilities						
Segment liabilities	39,130,272	—	220,286	—	7,378,100	46,728,658
Unallocated liabilities						<u>20,934,985</u>
Total liabilities						<u><u>67,663,643</u></u>
	2023					
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	Consolidated HK\$
Assets						
Segment assets	145,347,209	—	103,354,596	—	31,802,093	280,503,898
Unallocated assets						<u>20,710,169</u>
Total assets						<u><u>301,214,067</u></u>
Liabilities						
Segment liabilities	64,830,337	—	220,286	—	7,725,447	72,776,070
Unallocated liabilities						<u>33,072,731</u>
Total liabilities						<u><u>105,848,801</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Segment assets and liabilities

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

- all assets are allocated to reportable segments other than part of other receivables, deposits and prepayments, tax refundable, pledged bank deposit and bank balances and cash-general accounts. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to reportable segments other than part of other payables, accruals, bank borrowings, income tax payables and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other information

	2024						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	Unallocated HK\$	Consolidated HK\$
Additions to plant and equipment	23,181	—	—	—	—	—	23,181
Depreciation of plant and equipment	34,043	—	540	—	52,620	—	87,203
Depreciation of right-of-use assets	—	—	—	—	—	2,154,885	2,154,885
Impairment loss on loan receivables under ECL mode	—	—	30,096,209	—	—	—	30,096,209
Impairment loss on trade receivables under ECL model	3,852,949	—	—	—	—	—	3,852,949
Recovery of trade receivables	(192,440)	—	—	—	—	—	(192,440)
Recovery of loans receivables	—	—	(3,229,908)	—	—	—	(3,229,908)
	2023						
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	Unallocated HK\$	Consolidated HK\$
Additions to plant and equipment	23,268	—	—	—	—	—	23,268
Depreciation of plant and equipment	57,479	—	540	—	52,620	—	110,639
Depreciation of right-of-use assets	—	—	—	—	—	2,154,886	2,154,886
Impairment loss on loan receivables under ECL mode	—	—	33,849,805	—	—	—	33,849,805
Impairment loss on trade receivables under ECL model	202,431	—	—	—	—	—	202,431
Recovery of trade receivables	(4,900,000)	—	—	—	—	—	(4,900,000)
Recovery of corporate bond	—	—	—	—	(1,002,667)	—	(1,002,667)
Recovery of loans receivables	—	—	(10,572,065)	—	—	—	(10,572,065)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Geographical information

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Information on major customers

One major customer of the Group accounted for approximately 11.5% (2023: 10.6%) of the total revenue during the year ended 31 March 2024. The customer has repaid all of the outstanding loan principal and interest after the year end date. No other single customer contributed 10% or more to the Group's revenue for both years.

10. FINANCE COSTS

	2024 HK\$	2023 HK\$
Interest on bank borrowings	904,595	1,340,316
Interest on shareholder loan	233,735	114,384
Interest expense on lease liability (Note 20b)	85,562	149,630
	1,223,892	1,604,330

11. LOSS BEFORE TAX

	2024 HK\$	2023 HK\$
Loss before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	6,255,373	5,930,356
Auditor's remuneration	600,000	600,000
Depreciation of plant and equipment	87,203	110,639
Depreciation of right-of-use assets	2,154,885	2,154,886
	(226,570)	(103,671)
Gross rental income from investment properties	—	—
Less: direct operating expenses from investment properties that generated rental income during the year	—	—
	(226,570)	(103,671)

12. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2024 HK\$	2023 HK\$
Salaries, allowances and other benefits in kind	6,074,988	5,760,979
Defined contribution retirement benefit scheme contributions	180,385	169,377
	6,255,373	5,930,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the six (2023: six) Directors were as follows:

Year ended 31 March 2024

	Fees HK\$	Salaries, allowance and benefit in kind HK\$	Discretionary bonuses HK\$	Defined contribution retirement benefit scheme contributions HK\$	Share-based payment HK\$	Total HK\$
Executive Directors						
Kwok Kin Chung (Chief Executive Officer)	—	1,093,804	—	18,000	—	1,111,804
Lau Kin Hon	—	390,000	—	18,000	—	408,000
Yu Linda	—	588,000	—	18,000	—	606,000
Independent non-executive Directors						
Poon Wing Chuen	120,000	—	—	—	—	120,000
Wang Rongqian	120,000	—	—	—	—	120,000
Song Guangyuan	120,000	—	—	—	—	120,000
	<u>360,000</u>	<u>2,071,804</u>	<u>—</u>	<u>54,000</u>	<u>—</u>	<u>2,485,804</u>

Year ended 31 March 2023

	Fees HK\$	Salaries, allowance and benefit in kind HK\$	Discretionary bonuses HK\$	Defined contribution retirement benefit scheme contributions HK\$	Share-based payment HK\$	Total HK\$
Executive Directors						
Kwok Kin Chung (Chief Executive Officer)	—	1,136,684	—	18,000	—	1,154,684
Lau Kin Hon	—	390,000	—	18,000	—	408,000
Yu Linda	—	588,000	—	18,000	—	606,000
Independent non-executive Directors						
Poon Wing Chuen	120,000	—	—	—	—	120,000
Wang Rongqian	120,000	—	—	—	—	120,000
Song Guangyuan (appointed on 1/4/2022)	120,000	—	—	—	—	120,000
Hu Chao (resigned on 1/4/2022)	—	—	—	—	—	—
	<u>360,000</u>	<u>2,114,684</u>	<u>—</u>	<u>54,000</u>	<u>—</u>	<u>2,528,684</u>

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)**(b) Directors' termination benefits**

During the year ended 31 March 2024, no termination benefits were paid to the Directors (2023: Nil).

(c) Consideration provided to third parties for making available Directors' services

During the year ended 31 March 2024, no consideration was paid for making available the services of the Directors (2023: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors

During the year ended 31 March 2024, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of the Directors (2023: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

(f) Five highest paid individuals

During the year, of the five highest paid individuals in the Group, two (2023: two) were executive Directors whose emoluments are set out above. The emoluments of the remaining three (2023: three) individuals are as follows:

	2024 HK\$	2023 HK\$
Salaries, allowances and benefit in kind	1,976,096	1,944,187
Defined contribution retirement benefit scheme contributions	54,000	54,000
	2,030,096	1,998,187

The emoluments of the three (2023: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2024	2023
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	—	—
HK\$1,500,001 to HK\$2,000,000	—	—
HK\$2,000,001 to HK\$2,500,000	—	—

No emoluments were paid to the Directors or the other three (2023: three) highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 March 2024 and 2023. None of the Directors and other three highest paid individuals of the Company has waived or agreed to waive any emoluments during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

14. INCOME TAX EXPENSES

	2024 HK\$	2023 HK\$
Hong Kong Profits Tax		
— current year	1,119,588	1,333,659
— under-provision in prior year	—	1,859
Deferred tax		
— current year (Note 31)	84,389	(976,075)
	1,203,977	359,443

Under the two-tiered profits tax rates regime, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% (2023: 8.25%) on the first HK\$2,000,000 of the estimated assessable profits and at 16.5% (2023: 16.5%) on the estimated assessable profits above HK\$2,000,000. The profits of other group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2023: 16.5%).

The tax (credit) expenses for the year can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2024 HK\$	2023 HK\$
Loss before tax	(11,053,072)	(5,197,895)
Tax at the domestic income tax rate of 16.5% (2023: 16.5%)	(1,823,756)	(857,653)
Tax effect of expenses not deductible for tax purpose	1,184,494	1,579,190
Tax effect of income not taxable for tax purpose	(2,582,540)	(1,830,458)
Tax effect of temporary difference not recognised	6,945	6,946
Under-provision in prior year	—	1,857
Tax effect of tax loss not recognised	4,588,956	1,630,218
Tax effect of tax reduction	(6,000)	(12,000)
Tax effect of two-tiered tax rate	(165,000)	(165,000)
Effect of different tax rates of subsidiaries operating in other jurisdictions	878	6,343
Tax expenses for the year	1,203,977	359,443

At 31 March 2024, the Group had estimated tax losses of HK\$38,032,854 (2023: HK\$10,220,999) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

15. DIVIDEND

No dividend for the year ended 31 March 2024 was paid or proposed during the year ended 31 March 2024, nor has any dividend been proposed since the end of the reporting period (2023: HK\$Nil).

16. LOSS PER SHARE

	2024 HK\$	2023 HK\$
Loss for the year attributable to owners of the Company	12,257,049	5,557,338
Number of ordinary shares for the purposes of basic loss per share	2,200,000,000	2,200,000,000
Effect of dilutive potential ordinary shares: Share options of the Company	—	—
Number of ordinary shares for the purposes of diluted loss per share	2,200,000,000	2,200,000,000

The calculation of basic loss per share is based on the Group's loss attributable to the owners of the Company of HK\$12,257,049 (2023: HK\$5,557,338) and ordinary shares of 2,200,000,000 (2023: 2,200,000,000) in issue during the year.

The calculation of diluted loss per share for the year ended 31 March 2024 is based on the loss for the year attributable to owners of the Company of HK\$12,257,049 (2023: HK\$5,557,338) and the number of 2,200,000,000 (2023: 2,200,000,000) ordinary shares in issue during the year.

The computation of diluted loss per share does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares for 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

17. PLANT AND EQUIPMENT

	Leasehold improvement <i>HK\$</i>	Furniture and equipment <i>HK\$</i>	Computer equipment <i>HK\$</i>	Total <i>HK\$</i>
COST				
At 1 April 2022	1,879,169	1,010,178	4,707,600	7,596,947
Additions	—	2,319	20,949	23,268
At 31 March 2023 and 1 April 2023	1,879,169	1,012,497	4,728,549	7,620,215
Additions	—	3,399	19,782	23,181
At 31 March 2024	1,879,169	1,015,896	4,748,331	7,643,396
ACCUMULATED DEPRECIATION				
At 1 April 2022	1,629,224	1,002,502	4,644,335	7,276,061
Charge for the year	52,620	3,329	54,690	110,639
At 31 March 2023 and 1 April 2023	1,681,844	1,005,831	4,699,025	7,386,700
Charge for the year	52,620	7,551	27,032	87,203
At 31 March 2024	1,734,464	1,013,382	4,726,057	7,473,903
NET CARRYING VALUES				
At 31 March 2024	144,705	2,514	22,274	169,493
At 31 March 2023	197,325	6,666	29,524	233,515

18. INVESTMENT PROPERTIES

	Investment properties in the PRC <i>HK\$</i>
At fair value	
At 1 April 2022	—
Addition upon acquisition of a subsidiary	8,786,843
Exchange difference on translation of foreign currency	370,542
At 31 March 2023 and 1 April 2023	9,157,385
Exchange difference on translation of foreign currency	(515,955)
At 31 March 2024	8,641,430

The Group's investment properties are held under medium term leases and are situated in the PRC.

All of the Group's property interests held under operating leases to earn rentals income are measured using the fair value model and are classified and accounted for as investment properties.

No investment properties has been pledged as at 31 March 2024.

18. INVESTMENT PROPERTIES (Continued)

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties at 31 March 2024 has been arrived at on the basis of a valuation carried out on the respective dates by B.I. Appraisals Limited, independent qualified professional valuers not connected to the Group, who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The valuation of investment properties in ShenZhen were arrived at with the adoption of direct comparison method. Direct comparison method assumes the property is capable of being sold in its existing state with the benefit of immediate vacant possession and makes reference to comparable sales evidence as available in the relevant markets.

Details of the Group's investment properties and information about the fair value hierarchy at 31 March 2024 and 2023 are as follows:

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Fair value at 31 March 2024 HK\$
Investment properties in the PRC	—	—	8,641,430	8,641,430
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Fair value at 31 March 2023 HK\$
Investment properties in the PRC	—	—	9,157,385	9,157,385

There were no transfer into or out of Level 3 during the year.

The following table gives information about how the fair values of the major investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties Held by the Group	Valuation technique(s)	Significant unobservable Inputs	Relation of unobservable inputs to fair value
2024 4 office units in ShenZhen	Direct comparison method	Estimated market unit sales price per square metre RMB: 31,366	An increase/decrease in the market unit sales price would result in an increase/decrease in the fair value
2023 4 office units in ShenZhen	Direct comparison method	Estimated market unit sales price per square metre RMB: 31,400	An increase/decrease in the market unit sales price would result in an increase/decrease in the fair value

The Group leases out investment properties under operating leases. The leases ran for an initial period of 6 years, with an option to renew the leases after that date. Lease payments are reviewed every 2 years to reflect market rentals.

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For the year ended 31 March 2024

18. INVESTMENT PROPERTIES (Continued)

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date that will be receivable by the Group in future periods as follows:

	2024 HK\$	2023 HK\$
Within 1 year	233,918	231,549
After 1 year but within 2 years	116,959	237,399
After 2 years but within 3 years	—	158,266
	350,877	627,214

19. INTANGIBLE ASSETS

	Futures trading right HK\$	Film right HK\$	Total HK\$
COST			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	348,900	3,807,000	4,155,900
ACCUMULATED AMORTISATION			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	348,900	1,580,282	1,929,182
ACCUMULATED IMPAIRMENT LOSS			
At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	—	2,226,718	2,226,718
NET CARRYING VALUES			
At 31 March 2024	—	—	—
At 31 March 2023	—	—	—

The following useful lives are used in the calculation of amortisation:

Future trading right	5 years
Film right	7 years

The Group's intangible assets in 2024 include two (2023: two) items, which are futures trading rights and film rights.

Futures trading rights are the eligibility rights acquired to trade on or through Hong Kong Futures Exchange Limited, are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 5 years. Futures trading rights were fully amortised as at 31 March 2014.

The management of the Group considered that the film right will not have any foreseeable profit. The carrying amount of the film right is HK\$Nil (2023: HK\$Nil), net of accumulated impairment loss of HK\$2,226,718 (2023: HK\$2,226,718), as at 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

20. LEASES
(a) Right-of-use assets

	Leased properties HK\$
COST	
At 1 April 2022	6,464,655
Addition	—
Written-off	—
At 31 March 2023 and 1 April 2023	6,464,655
Addition	—
At 31 March 2024	6,464,655
ACCUMULATED DEPRECIATION	
At 1 April 2022	538,721
Provided for the year	2,154,886
As at 1 April 2023	2,693,607
Provided for the year	2,154,885
As at 31 March 2024	4,848,492
NET CARRYING VALUE	
As at 31 March 2024	1,616,163
As at 31 March 2023	3,771,048

Note: The right-of-use assets represents leased office premise in Hong Kong with remaining lease term of 3 years.

(b) Lease liability

The following table shows the remaining contractual maturities of the Group's lease liability at the end of the reporting period:

	31 March 2024		1 April 2023	
	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$	Present value of the minimum lease payments HK\$	Total minimum lease payments HK\$
Within 1 year	1,671,042	1,692,000	2,170,438	2,256,000
After 1 year but within 2 years	—	—	1,671,042	1,692,000
	1,671,042	1,692,000	3,841,480	3,948,000
Less: total future interest expenses		(20,958)		(106,520)
Present value of lease liabilities		1,671,042		3,841,480

The incremental borrowing rate applied to lease liability is 3% (2023: 3%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

20. LEASES (Continued)

(b) Lease liability (Continued)

Amounts recognised in consolidated profit or loss

	2024 HK\$	2023 HK\$
Depreciation of right-of-use assets	2,154,885	2,154,886
Interest on lease liability	85,562	149,630
	2,240,447	2,304,516

Amounts recognised in the consolidated statement of cash flows

	2024 HK\$	2023 HK\$
Total cash outflow for leases		
Within operating activities	85,562	149,630
Within financing activities	2,170,438	2,106,370
	2,256,000	2,256,000

21. OTHER ASSETS

	2024 HK\$	2023 HK\$
Admission fee paid to Hong Kong Securities Clearing Company Limited	50,000	50,000
Stamp duty deposit with the Stock Exchange	5,000	5,000
Contributions in cash to a guarantee fund with Hong Kong Securities Clearing Company Limited	50,000	50,000
Compensation fund with the Stock Exchange	50,000	50,000
Fidelity fund with the Stock Exchange	50,000	50,000
Deposit with HKFE Clearing Corporation Limited in contribution to the reserve fund	1,500,000	1,500,000
	1,705,000	1,705,000

22. TRADE RECEIVABLES

	2024 HK\$	2023 HK\$
Trade receivables from the business of dealing in securities:		
— Cash clients	5,618,079	1,537,368
— Margin clients	102,166,067	78,344,201
— Clearing houses and brokers	815,142	887,399
Trade receivables from the business of dealing in futures contracts:		
— Clearing houses	672,280	1,708,099
	109,271,568	82,477,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

22. TRADE RECEIVABLES (Continued)

The settlement terms of trade receivables arising from the business of dealing in securities by cash clients are two days after the trade date and trade receivables arising from the business of dealing in futures contracts is one day after the trade date.

Accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are supported by their portfolios of securities. Cash clients are required to place cash deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Based on past experience and current assessment, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

Margin clients are required to pledge securities as collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31 March 2024, trade receivables due from all margin clients were current and repayable on demand and there were no (2023: HK\$Nil) past due but not impaired.

The aging analysis of trade receivables based on the trade date/invoice date and net of impairment loss, as at the reporting date is as follow:

	2024 HK\$	2023 HK\$
Margin clients balances:		
No due date	102,166,067	78,344,201
Past due but not impaired	<u>—</u>	<u>—</u>
	102,166,067	78,344,201
Cash clients balances:		
No due date (within 2 days)	5,618,079	1,537,368
Past due	<u>—</u>	<u>—</u>
	5,618,079	1,537,368
Other balances:		
Not yet due (within 30 days)	1,487,422	2,595,498
Past due	<u>—</u>	<u>—</u>
	1,487,422	2,595,498
	109,271,568	82,477,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

22. TRADE RECEIVABLES (Continued)

Provision of impairment loss on trade receivables:

	2024 HK\$	2023 HK\$
Margin client balances (before impairment)	118,150,706	90,668,331
Impairment loss:		
Balance at beginning of the year	12,324,130	17,021,699
Impairment loss under ECL model for the year	3,852,949	202,431
Recovery during the year	(192,440)	(4,900,000)
Balance at the end of year	15,984,639	12,324,130
Margin client balances (after impairment)	102,166,067	78,344,201

Impairment loss under ECL model

An analysis of changes in the ECL allowances is as follows:

	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Total HK\$
As at 1 April 2022	—	—	17,021,699	17,021,699
Provision for ECL for the year	—	—	202,431	202,431
Recovery during the year	—	—	(4,900,000)	(4,900,000)
As at 31 March 2023 and 1 April 2023	—	—	12,324,130	12,324,130
Provision for ECL for the year	—	3,660,735	192,214	3,852,949
Recovery during the year	—	—	(192,440)	(192,440)
As at 31 March 2024	—	3,660,735	12,323,904	15,984,639

To minimise the Group's exposure to credit risk, the management is responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management has set up credit limit for each individual customer, which is subjected to regular review. Any extension of credit beyond the approved limit has to be approved by relevant level of management on an individual basis according to the amount exceeded. The Group has a policy for reviewing impairment of trade receivables which do not have sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management's judgement, including current credit-worthiness, collateral's value and past collection history of each customer.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date when credit was initially granted up to the reporting date. The credit risk is considered limited due to the customer base being large and unrelated. The Directors believe that an impairment loss of HK\$3,852,949 (2023: HK\$202,431) was necessary for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

23. LOAN RECEIVABLES

	2024 HK\$	2023 HK\$
Loan advanced and interest receivables	78,811,682	102,531,858
Loan advanced and interest receivable (before impairment)	158,653,932	155,507,807
Impairment loss:		
Balance at beginning of the year	52,975,949	32,865,292
Impairment loss under ECL model for the year	30,096,209	33,849,805
Written off	—	(3,167,083)
Recovery during the year	(3,229,908)	(10,572,065)
Balance at the end of year	79,842,250	52,975,949
Loan advanced and interest receivable (after impairment)	78,811,682	102,531,858
Analysed as:		
Current	45,823,979	69,426,884
Non-current	32,987,703	33,104,974
	78,811,682	102,531,858

As at 31 March 2024, secured loans with an aggregate amount of HK\$70,980,572 (2023: HK\$95,769,725) were secured by marketable securities listed in Hong Kong, unlisted securities in Hong Kong, motor vehicles and yacht, and first legal or second legal charges in respect of properties or land located in Hong Kong. The fair value of the marketable securities listed in Hong Kong at 31 March 2024 held as collateral was approximately HK\$21,350,000 (2023: HK\$29,750,000), and the Directors of the Group considered that the value of other collaterals are sufficient to guarantee the interests of the Group. The remaining balance of HK\$7,831,110 (2023: HK\$6,762,133) was unsecured.

Loans receivables, both current and non-current portions were measured at amortised cost using the effective interest method, less any impairment losses. In accordance with HKFRS 9, these loan receivables will continue to be measured at amortised cost because the criteria of the Solely Payments of Principal and Interest test have been met.

The effective interest rates of the Group's loan receivables are 8%–27% per annum (2023: 8%–34% per annum).

As at 31 March 2024, there was no loan receivables (2023: HK\$Nil) which was past due but not impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

23. LOAN RECEIVABLES (Continued)

Provision of impairment loss on loans receivables:

	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Total HK\$
As at 1 April 2022	—	15,994,839	16,870,453	32,865,292
Arising from loans receivables	165,377	7,473,843	26,210,585	33,849,805
Recovery during the year	—	—	(10,572,065)	(10,572,065)
Written off	—	—	(3,167,083)	(3,167,083)
Transfer to stage 3	—	(9,254,817)	9,254,817	—
As at 31 March 2023 and 1 April 2023	165,377	14,213,865	38,596,707	52,975,949
Arising from loans receivables	80,666	1,978,600	28,036,943	30,096,209
Recovery during the year	—	(2,883,923)	(345,985)	(3,229,908)
Transfer to stage 2	(165,377)	165,377	—	—
Transfer to stage 3	—	(10,211,368)	10,211,368	—
As at 31 March 2024	<u>80,666</u>	<u>3,262,551</u>	<u>76,499,033</u>	<u>79,842,250</u>

The following significant changes in the gross carrying amounts of loan receivables contributed to the increase in the loss allowance during the year:

- Arising from loan receivables of HK\$80,666 in stage 1, HK\$1,978,600 in stage 2 and HK\$28,036,943 in stage 3, resulting in an increase in loss allowance of HK\$30,096,209. During the year, the Group has recorded recoveries of HK\$2,883,923 and HK\$345,985 from stage 2 and stage 3 loans, respectively.

To minimise the Group's exposure to credit risk, the management is responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management has set up credit limit for each individual customer, which is subjected to regular review. Any extension of credit beyond the approved limit has to be approved by relevant level of management on an individual basis according to the amount exceeded. The Group has a policy for reviewing impairment of loan receivables which do not have sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management's judgement, including current credit-worthiness, collateral's value and past collection history of each customer.

In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date when credit was initially granted up to the reporting date. The Directors believe that an impairment loss of HK\$30,096,209 (2023: HK\$33,849,805) was necessary for the year.

24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 HK\$	2023 HK\$
Non-current asset:		
Rental and utility deposits	—	649,689
Current assets:		
Other receivables	5,198	570
Rental, utilities and other deposits	699,653	66,464
Prepayments	71,155	43,645
	<u>776,006</u>	<u>110,679</u>

For the year ended 31 March 2024

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2024 HK\$	2023 HK\$
Equity securities: Unlisted	(i)	500	500
Debt securities: Listed	(ii)	289,439	1,546,050
		289,939	1,546,550
Analysed as:			
Non-current assets		500	285,992
Current assets		289,439	1,260,558
		289,939	1,546,550

(i) Unlisted equity securities

According to the latest information available, Sanderia Group Limited is incorporated in Hong Kong. The management of the Company considered that the fair value of this investment is HK\$500 (2023: HK\$500).

(ii) Debt securities

As at 31 March 2024, the Group held 3 bonds (2023: 3 bonds) and all are issued by companies which are listed outside Hong Kong. All of the bonds were designated at fair value through other comprehensive income on initial recognition and the fair value at the end of the reporting period of approximately HK\$289,439 (2023: HK\$1,546,050) was included in debt instruments. The fair values of debt instruments are based on quoted values in an active market at 31 March 2024. The unrealized loss on fair value change in debt instruments at FVTOCI of HK\$1,256,611 (2023: HK\$1,217,076) has been recognised in other comprehensive income and HK\$Nil (2023: HK\$938,944) has been reclassified upon derecognition from fair value through other comprehensive income reserve to profit or loss for the year.

Impairment loss under ECL model

An analysis of changes in corresponding ECL allowances is as follow:

	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Total HK\$
As at 1 April 2022	—	1,100,007	—	1,100,007
Disposed during the year	—	(183,334)	—	(183,334)
Provision for ECL for the year	—	—	—	—
As at 1 April 2023	—	916,673	—	916,673
Provision for ECL for the year	—	—	—	—
As at 31 March 2024	—	916,673	—	916,673

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$	2023 HK\$
Listed securities (<i>Note</i>)		
— Equity securities in Hong Kong, at fair value	5,083,995	8,528,391
— Equity securities in overseas, at fair value	2,120,082	8,367,664
	7,204,077	16,896,055

Note: The fair value of the listed securities are based on the quoted price in an active market at 31 March 2024.

27. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT

	2024 HK\$	2023 HK\$
Bank balances and cash		
— trust accounts	27,366,802	61,600,916
— general accounts and cash	3,618,638	6,505,255
Pledged bank deposit	5,000,000	10,000,000
	35,985,440	78,106,171

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as Bank balances and cash — trust accounts 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 the Group is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

The general accounts and cash comprise cash held by the Group and bank deposits bear interest at commercial rates with original maturity of three months or less.

Pledged bank deposit represents deposit pledged to bank to secure banking facilities granted to the Group. Deposits amounting to HK\$5,000,000 (2023: HK\$10,000,000) have been pledged to secure bank overdraft and bank loans.

Bank balances carry interest at prevailing market rates which ranging 0.05% to 3.75% (2023: 0.36% to 5%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

28. TRADE PAYABLES

	2024 HK\$	2023 HK\$
Trade payables from the business of dealing in securities:		
— Cash clients	13,520,045	16,685,152
— Margin clients	11,137,659	42,708,745
Trade payables from the business of dealing in futures contracts:		
— Margin clients	3,483,414	4,621,427
	28,141,118	64,015,324

The settlement terms of trade payables arising from the business of dealing in securities are two days after trade date, and trade payables arising from the business of dealing in futures contracts are one day after trade date. No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the short period for payment.

Included in the trade payables to cash clients and margin clients attributable to dealing in securities and futures contracts transaction is an amount of HK\$27,366,802 (2023: HK\$61,600,916) representing these clients' undrawn monies/excess deposits placed with the Group. The balances are repayable on demand.

29. OTHER PAYABLES AND ACCRUALS

	2024 HK\$	2023 HK\$
Accrued charges	1,469,983	907,455
Stamp duty, trading levies and trading fee payables	365,627	291,843
Other payables (<i>Note</i>)	6,401,303	6,697,226
	8,236,913	7,896,524

All accrued expenses and other payables are expected to be settled within one year.

Note: The other payables included HK\$1,500,000 (2023: HK\$1,500,000) of refundable earnest money received from independent third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

30. BORROWINGS

	Notes	2024 HK\$	2023 HK\$
Bank loans/overdraft			
— Secured	(a)	9,293,898	14,000,000
— Unsecured	(b)	14,500,000	10,000,000
		23,793,898	24,000,000
Shareholder loan	(c)	4,500,000	5,000,000
		28,293,898	29,000,000

Notes:

- (a) Secured revolving loan of HK\$Nil (2023: HK\$14,000,000 carrying interest at the rate of HIBOR plus 2.5% per annum) was drawn under the banking facilities of HK\$Nil (2023: HK\$20,000,000). Pledged bank deposits of HK\$5,000,000 (2023: HK\$5,000,000) represents deposits pledged to banks to secure bank facilities granted to the Group. Bank overdraft of HK\$9,293,898 (2023: Nil) carries interest at the rate of 0.75% per annum below the bank's HKD Prime Rate and is secured by a bank deposit of HK\$5,000,000 (2023: HK\$5,000,000).
- (b) Unsecured revolving loan of HK\$14,500,000 (2023: HK\$10,000,000) carrying interest at the rate of the bank's HKD Prime Rate per annum was drawn under the aggregated banking facilities of HK\$14,500,000 (2023: HK\$14,500,000). The bank loan was guaranteed by the Company for a subsidiary.
- (c) Shareholder loan of HK\$4,500,000 (2023: HK\$5,000,000) carries interest at the rate of 5% per annum (2023: 2.5% per annum), and the Group is required to repay the loan on or before 31 March 2025 (2023: on or before 31 March 2024).

The Company provided a corporate guarantee to support these banking facilities to its subsidiaries.

The banking facilities are subject to the fulfilment of covenants. If the Group has breached the covenants, the drawn down facility would become payable on demand.

The effective interest rate on the bank loans is equal to the contracted interest rate.

31. DEFERRED TAX (ASSETS)/LIABILITIES

The following are the major deferred tax (assets) liabilities recognised by the Group and movements thereon during the current and prior reporting year:

	Depreciation allowances in excess of the related depreciation HK\$	Unrealised loss on financial assets at FVTPL HK\$	Fair value change on investment properties HK\$	Total HK\$
At 1 April 2022	(201,786)	(2,540,067)	—	(2,741,853)
Exchange difference on translation of foreign currency	—	—	44,327	44,327
Debit/(Credit) for the year	7,997	(984,072)	—	(976,075)
Recognised upon acquisition of a subsidiary	—	—	1,051,146	1,051,146
At 31 March 2023 and 1 April 2023	(193,789)	(3,524,139)	1,095,473	(2,622,455)
Exchange difference on translation of foreign currency	—	—	(61,723)	(61,723)
Debit for the year	11,193	73,196	—	84,389
At 31 March 2024	(182,596)	(3,450,943)	1,033,750	(2,599,789)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. SHARE CAPITAL

	Number of Ordinary shares HK\$0.01 each	HK\$
Authorised: At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>5,000,000,000</u>	<u>50,000,000</u>
Issued and fully paid: At 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	<u>2,200,000,000</u>	<u>22,000,000</u>

33. ACQUISITION OF SUBSIDIARY

On 26 September 2022, Shenzhen Cheong Lee Business Consulting Limited*, a wholly owned subsidiary of the Company, entered into an agreement with two independent third parties to acquire the entire equity interest of Shenzhen Bifuda Business Consulting Limited* ("Bifuda"). Since completion of the acquisition on 26 September 2022, Bifuda became a wholly-owned subsidiary of the Company thereafter. The following table summarises the recognised fair values of the assets acquired and liabilities assumed on acquisition of Bifuda.

Identifiable assets acquired and liabilities assumed on acquisition date

	HK\$
Investment properties	8,786,843
Cash and bank balance	8
Other payable	(4,863,492)
Deferred tax liabilities	<u>(1,051,146)</u>
Total identifiable net assets acquired	2,872,213
Goodwill	<u>2,135,378</u>
Total purchase consideration	<u>5,007,591</u>
	2023
	HK\$
Cash Consideration	5,007,591
Less: Cash and cash equivalents acquired of	<u>(8)</u>
Net cash outflow arising on the acquisition	<u>5,007,583</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

34. COMPANY INFORMATION OF FINANCIAL POSITION

(a) Financial information of the financial position of the company

	2024 HK\$	2023 HK\$
Non-current assets		
Investment in a subsidiary	8	8
Right-of-use assets	1,616,163	3,771,048
Rental and utility deposits	—	649,689
	<u>1,616,171</u>	<u>4,420,745</u>
Current assets		
Amounts due from subsidiaries	39,058,000	205,780,368
Tax refundable	143,889	—
Bank balances and cash — general accounts	54,239	320,472
Rental deposit	649,689	—
	<u>39,905,817</u>	<u>206,100,840</u>
Current liabilities		
Other payables	174,565	174,565
Income tax payables	—	148,346
Amount due to a subsidiary	72,865	83,970
Shareholder loan	4,500,000	5,000,000
Lease liability — due within one year	1,671,042	2,170,438
	<u>6,418,472</u>	<u>7,577,319</u>
Net current assets	<u>33,487,345</u>	<u>198,523,521</u>
Total assets less current liabilities	<u>35,103,516</u>	<u>202,944,266</u>
Non-current liability		
Lease liability — due after one year	—	1,671,042
Net assets	<u>35,103,516</u>	<u>201,273,224</u>
Capital and reserves		
Share capital	22,000,000	22,000,000
Reserves	13,103,516	179,273,224
Total equity	<u>35,103,516</u>	<u>201,273,224</u>

The statement of financial position was approved and authorised for issue by the Board of Directors on 25 June 2024 and are signed on its behalf by:

Kwok Kin Chung
Director

Lau Kin Hon
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

34. COMPANY INFORMATION OF FINANCIAL POSITION (Continued)

(b) Reserve movement of the Company

	Share premium HK\$	Merger reserve HK\$	Share option reserve HK\$	Retained profits/ accumulated loss HK\$	Total HK\$
At 1 April 2022	130,931,993	32,500,000	8,275,000	5,951,930	177,658,923
Profit and total comprehensive income for the year	—	—	—	1,614,301	1,614,301
Lapse of share option	—	—	(1,655,000)	1,655,000	—
At 31 March 2023 and 1 April 2023	130,931,993	32,500,000	6,620,000	9,221,231	179,273,224
Loss and total comprehensive expenses for the year	—	—	—	(166,169,708)	(166,169,708)
Lapse of share option	—	—	(6,620,000)	6,620,000	—
Dividend	—	—	—	—	—
At 31 March 2024	<u>130,931,993</u>	<u>32,500,000</u>	<u>—</u>	<u>(150,328,477)</u>	<u>13,103,516</u>

The Company's reserves available for distribution to its shareholders comprise share premium, merger reserve, share options reserve and retained profits which in aggregate amounted to HK\$13,103,516 as at 31 March 2024 (2023: HK\$179,273,224). Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of retained earnings or other reserves, including the share premium account, of the Company.

35. SHARE OPTION SCHEME

The Company adopted the Share Option Scheme (the "Share Option Scheme") on 22 February 2011, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. It was established to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion and on such terms as it may think fit, offer to grant an option to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. An offer for the grant of share options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

Under the Share Option Scheme, the Company may grant to directors (the "Directors") and employees of the Group and any other persons who, in the sole discretion of the Board, have contributed or will contribute to the Group which options granted shall be immediately vested. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

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35. SHARE OPTION SCHEME (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

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 months period up to 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 subject 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 prices 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.

The Group has issued bonus shares to the shareholders on the basis of one bonus share for every one existing share, and the shares were issued on 30 August 2016. As a result of the bonus shares issued on 30 August 2016, the exercise price per share and number of outstanding share options granted on 9 April 2014 were adjusted from HK\$0.455 to HK\$0.2275 and from 50,000,000 to 100,000,000 respectively.

The share option scheme has expired during the year, so all the share options which has granted to the Director/employees has expired.

The following table discloses details of the Company's options under the Share Option Scheme held by Directors and employees/consultants and the movements during the year ended 31 March 2024:

Grantees	Date of grant (dd/mm/yyyy)	Exercise price per share HK\$	Exercisable period (dd/mm/yyyy)	Balance as at 1 April 2023	Changes during the period			Balance as at 31 March 2024
					Lapsed/ Expired/ Granted	Exercised	Cancelled	
Kwok Kin Chung Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	(20,000,000)	–	–	–
Yu Linda, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	(20,000,000)	–	–	–
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014–08/04/2023	20,000,000	(20,000,000)	–	–	–
			Sub-total	60,000,000	(60,000,000)	–	–	–
Employees	09/04/2014	0.2275	09/04/2014–08/04/2023	40,000,000	(40,000,000)	–	–	–
			Total	100,000,000	(100,000,000)	–	–	–
Weighted average exercise price				0.2275	–	–	–	–

35. SHARE OPTION SCHEME (Continued)

A Existing Share Option Scheme (the “Existing Share Option Scheme”) has been adopted by the Annual General Meeting and approved by the shareholders on 4 August 2022, and effective for a period for 10 years. The Existing Share Option Scheme is similar to the Share Option Scheme, and is largely in line with the market form. The Board currently does not have a concrete plan to grant any options to any of the participants upon the adoption of the Existing Share Option Scheme. The Board will from time to time consider whether to grant any options to the participants based on a number of factors, including, inter alia, the Group’s overall financial performance, the participants’ individual performance and their contribution to the revenue, profits or business development of the Group.

The aggregate number of shares which may be issued upon exercise of all options to be granted under the Existing Share Option Scheme and any other share option schemes adopted by the Company must not in aggregate exceed 10% of the total number of shares in issue as at the date of adoption of the Existing Share Option Scheme, unless the Company obtains a fresh approval from shareholders to renew the 10% limit, provided, inter alia, that the maximum aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Existing Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time.

No trustee has been appointed under the Existing Share Option Scheme. The Existing Share Option Scheme will be administered by the Board.

The Existing Share Option Scheme was terminated by the Extraordinary General Meeting on 22 March 2024.

New Share Scheme

A New Share Scheme (the “New Share Scheme”) has been adopted by the Extraordinary General Meeting and approved by the shareholders on 22 March 2024, and effective for a period for 10 years. The New Share Scheme is similar to the Share Option Scheme, and is largely in line with the market form. The Board currently does not have a concrete plan to grant any options or awards to any of the participants upon the adoption of the New Share Scheme. The Board will from time to time consider whether to grant any options to the participants based on a number of factors, including, inter alia, the Group’s overall financial performance, the participants’ individual performance and their contribution to the revenue, profits or business development of the Group.

New option Schemes

Under the New Share Scheme, the total number of shares or awards which may be issued upon exercise of all options to be granted under the New Share Scheme and any share option scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

The New Share Scheme will be subject to the administration of the Directors. The Group may, in its absolute discretion, establish a trust and appoint a trustee to assist with the administration, exercise and vesting of Options or Awards granted pursuant to the New Share Scheme. If a trustee is appointed, it is expected that the terms of the trust deed will provide that the trustee shall not exercise the voting rights attached to the shares allotted and issued to the trustee and/or acquired by the trustee through on-market or off-market purchases for the purpose of the New Share Scheme before such shares are vested. No Director shall be the trustee of the New Option Scheme or have a direct or indirect interest in the trustee of the New Share Scheme.

The exercise price of an Option shall be a price solely determined by the Board and shall be at least 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; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

36. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

37. BANKING FACILITIES

At the end of the reporting period, the Group has the following overdraft and bank loan facilities:

	2024 HK\$	2023 HK\$
Overdraft facilities	15,000,000	15,000,000
Revolving loan facilities	14,500,000	34,500,000
	29,500,000	49,500,000
Facilities utilised	23,793,898	24,000,000

Bank fixed deposits amounting to HK\$5,000,000 (2023: HK\$10,000,000) have been pledged and corporate guarantee from the Company has been provided to secure the banking facilities granted to the Group. As at 31 March 2024, the Group has available banking facilities of HK\$5,706,102 (2023: HK\$25,500,000) which were not utilised.

38. CAPITAL COMMITMENTS

As at 31 March 2024, the Group had no capital commitments contracted but not provided for in the consolidated financial statements (2023: HK\$Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

39. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Group and other related parties are disclosed below.

- (a) 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.

Name of related party	Relationship	2024 HK\$	2023 HK\$
Commission and brokerage income from securities trading:			
— Ms. Au and her associate	Substantial shareholder	400	—
— CAAL Capital Limited	Wholly-owned by Ms. Au	541,843	585,000
— Au Nim Bing	Associate of Ms. Au	234	—
Interest income from:			
— Ms. Au	Substantial shareholder	—	732
— CAAL Capital Limited	Wholly-owned by Ms. Au	8,408	35,132
— Au Yuk Fei	Associate of Ms. Au	—	32,140
— Au Yuk Kit	Associate of Ms. Au	—	214
Interest expense on shareholder loan			
— Zillion Profit Limited	Ultimate holding company	233,735	114,384

- (b) Included in trade receivables and payables arising from the business of dealing in securities and futures contracts are amounts due from (to) certain related parties, the net balance of which are as follows:

Name of related party	Relationship	2024 HK\$	2023 HK\$
Trade receivables (payables)			
— Ms. Au	Substantial shareholder	(393)	(129,671)
— CAAL Capital Company Limited	Wholly-owned by Ms. Au	71,121	(1,384,651)
— China Merit International Holdings Limited	Wholly-owned by Ms. Au	779,664	(68,473)
— Au Yik Fei	Associate of Ms. Au	269,171	231,755
— Au Yuk Kit	Associate of Ms. Au	(493)	(4,768)

The settlement terms with related parties arising from the business of dealing in securities are two days after trade date, and the settlement terms with related parties arising from the business of dealing in futures contracts are one day after trade date. The settlement terms are the same as those with third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

39. RELATED PARTY TRANSACTIONS (Continued)

(b) (Continued)

Included in trade payables is cash placed with the Group by the related parties in its trust account, which would be settled upon request or when the related party ceased to trade with the Group.

All the above related party transactions constituted connected transactions under the GEM Listing Rules but are fully exempt from shareholders' approval, annual review and all disclosure requirements.

(c) The remuneration of the Directors of the Group (representing key management personnel) during the year was as follows:

	2024 HK\$	2023 HK\$
Short-term benefits	2,089,804	2,114,684
Post-employment benefits	54,000	54,000
	2,143,804	2,168,684

(d) Shareholder loan

During the year ended 31 March 2024, the Group entered into a loan agreement with its shareholder, Zillion Profit Limited, the movement of the shareholder loan is as follows:

	<i>Note</i>	2024 HK\$	2023 HK\$
Balance at the beginning of the year		5,000,000	—
Loan raised from the shareholder		—	5,000,000
Loan repaid to the shareholder		(500,000)	—
Balance at the end of the year	30	4,500,000	5,000,000

40. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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 agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group currently has a legally enforceable right to set off the trade receivables from clearing houses and margin clients and the trade payables to them respectively, and it intends to settle on a net basis.

For the trade receivables or payable to cash clients, they do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default. In addition, the Group does not intend to settle the balances on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

40. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

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 HK\$	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK\$	Net amounts present in the consolidated statement of financial position HK\$	Related amounts not offset in the consolidated statement of financial position		Net amount HK\$
				Financial instruments HK\$	Financial collateral pledged HK\$	
As at 31 March 2024						
Financial assets						
Trade receivables						
— Clearing house and brokers (note 22)	1,487,422	—	1,487,422	—	—	1,487,422
— Cash clients (note 22)	5,624,199	(6,120)	5,618,079	(2,878,988)	—	2,739,091
— Margin clients (note 22)	102,407,139	(241,072)	102,166,067	—	(97,062,437)	5,103,630
	<u>109,518,760</u>	<u>(247,192)</u>	<u>109,271,568</u>	<u>(2,878,988)</u>	<u>(97,062,437)</u>	<u>9,330,143</u>
Financial liabilities						
Trade payables						
— Clearing house and brokers (note 28)	3,483,414	—	3,483,414	—	—	3,483,414
— Cash clients (note 28)	13,526,165	(6,120)	13,520,045	—	—	13,520,045
— Margin clients (note 28)	11,378,731	(241,072)	11,137,659	—	—	11,137,659
	<u>28,388,310</u>	<u>(247,192)</u>	<u>28,141,118</u>	<u>—</u>	<u>—</u>	<u>28,141,118</u>
As at 31 March 2023						
Financial assets						
Trade receivables						
— Clearing house and brokers (note 22)	2,595,498	—	2,595,498	—	—	2,595,498
— Cash clients (note 22)	1,542,347	(4,979)	1,537,368	(758,433)	—	778,935
— Margin clients (note 22)	78,498,523	(154,322)	78,344,201	—	(77,346,563)	997,638
	<u>82,636,368</u>	<u>(159,301)</u>	<u>82,477,067</u>	<u>(758,433)</u>	<u>(77,346,563)</u>	<u>4,372,071</u>
Financial liabilities						
Trade payables						
— Clearing house and brokers (note 28)	4,621,427	—	4,621,427	—	—	4,621,427
— Cash clients (note 28)	16,690,131	(4,979)	16,685,152	—	—	16,685,152
— Margin clients (note 28)	42,863,067	(154,322)	42,708,745	—	—	42,708,745
	<u>64,174,625</u>	<u>(159,301)</u>	<u>64,015,324</u>	<u>—</u>	<u>—</u>	<u>64,015,324</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of Company	Place of Incorporation/ operation	Paid up capital/ Ordinary share capital/ Registered capital	Attributable equity interest and voting power of the Group				Principal activities
			Directly 2024	2023	Indirectly 2024	2023	
CL Group (BVI) Limited	British Virgin Islands	Ordinary share US\$1	100%	100%	—	—	Investment holding
Cheong Lee Securities Limited	Hong Kong	Paid up capital HK\$40,000,000	—	—	100%	100%	Provision of securities and futures brokerage and trading, placing and underwriting and services, loan and financing service and securities advisory services
CL Asset Management Limited	Hong Kong	Paid up capital HK\$500,000	—	—	100%	100%	Investment holding
Green Wealth Group Limited	British Virgin Islands	Ordinary share US\$1	—	—	100%	100%	Investment holding
Blooming Business Holdings Limited	British Virgin Islands	Ordinary share US\$1	—	—	100%	100%	Investment holding
CLC Finance Limited	Hong Kong	Paid up capital HK\$1	—	—	100%	100%	Provision of money lending service
CLC Immigration Consulting Limited	Hong Kong	Paid up capital HK\$1	—	—	100%	100%	Inactive
Capital Global (BVI) Limited	British Virgin Islands	Ordinary share US\$100	—	—	100%	100%	Investment holding
Capital Global Wealth Management Limited	Hong Kong	Paid up capital HK\$100,000	—	—	100%	100%	Inactive
Million Genius Investment Limited	Hong Kong	Paid up capital HK\$1	—	—	100%	100%	Inactive
Shenzhen Cheong Lee Business Consulting Limited* 深圳市昌利商務諮詢有限公司	The People's Republic of China	Registered capital HK\$6,000,000	—	—	100%	100%	Investment holding
Shenzhen Bifuda Business Consulting Limited* 深圳比富達商務諮詢有限公司	The People's Republic of China	Registered capital RMB\$1,000,000	—	—	100%	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings (note 30) HK\$	Bank loan interest payables HK\$	Shareholder loan interest payables (note 15) HK\$	Lease liabilities HK\$	Total HK\$
At 1 March 2022	20,000,000	—	—	5,947,850	25,947,850
Changes from financing cash flows:					
Drawdown of bank loans	365,000,000	—	—	—	365,000,000
Repayment of bank loans	(361,000,000)	—	—	—	(361,000,000)
Drawdown of shareholder loan	5,000,000	—	—	—	5,000,000
Capital element of lease rentals paid	—	—	—	(2,106,370)	(2,106,370)
Interest element of lease rentals paid	—	—	—	(149,630)	(149,630)
Other borrowing costs paid	—	(1,340,316)	(114,384)	—	(1,454,700)
Other changes:					
Interest expense	—	1,340,316	114,384	149,630	1,604,330
At 31 March 2023	29,000,000	—	—	3,841,480	32,841,480
Changes from financing cash flows:					
Drawdown of bank loans/overdraft	210,438,296	—	—	—	210,438,296
Repayment of bank loans/overdraft	(210,644,398)	—	—	—	(210,644,398)
Repayment of shareholder loan	(500,000)	—	—	—	(500,000)
Capital element of lease rentals paid	—	—	—	(2,170,438)	(2,170,438)
Interest element of lease rentals paid	—	—	—	(85,562)	(85,562)
Other borrowing costs paid	—	(904,595)	(233,735)	—	(1,138,330)
Other changes:					
Interest expense	—	904,595	233,735	85,562	1,223,892
At 31 March 2024	<u>28,293,898</u>	<u>—</u>	<u>—</u>	<u>1,671,042</u>	<u>29,964,940</u>

43. COMPARATIVE FIGURES

Certain comparative figures have been reclassified or restated to conform with the current year's presentation.

FINANCIAL SUMMARY

For the year ended 31 March 2024

	2024 <i>HK\$</i>	2023 <i>HK\$</i>	2022 <i>HK\$</i>	2021 <i>HK\$</i>	2020 <i>HK\$</i>
Results					
Revenue	<u>40,516,830</u>	<u>37,971,113</u>	<u>49,679,533</u>	<u>41,129,006</u>	<u>44,412,532</u>
(Loss) profit from operations	<u>(9,829,180)</u>	<u>(3,593,565)</u>	<u>(9,248,375)</u>	<u>20,291,184</u>	<u>24,945,258</u>
Finance cost	<u>(1,223,892)</u>	<u>(1,604,330)</u>	<u>(788,237)</u>	<u>(483,496)</u>	<u>(498,891)</u>
(Loss) profit before tax	<u>(11,053,072)</u>	<u>(5,197,895)</u>	<u>(10,036,612)</u>	<u>19,807,668</u>	<u>24,446,367</u>
Income tax expenses	<u>(1,203,977)</u>	<u>(359,443)</u>	<u>2,023,421</u>	<u>(4,619,087)</u>	<u>(932,946)</u>
(Loss) profit for the year	<u>(12,257,049)</u>	<u>(5,557,338)</u>	<u>(8,013,191)</u>	<u>15,188,601</u>	<u>23,513,421</u>
(Loss) profit for the year attributable to:					
Owners of the Company	<u>(12,257,049)</u>	<u>(5,557,338)</u>	<u>(8,013,191)</u>	<u>15,188,601</u>	<u>23,513,421</u>
Non-controlling interests	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(12,257,049)</u>	<u>(5,557,338)</u>	<u>(8,013,191)</u>	<u>15,188,601</u>	<u>23,513,421</u>
Basic (loss) earnings per share (<i>HK cents</i>)	<u>(0.56)</u>	<u>(0.25)</u>	<u>(0.36)</u>	<u>0.69</u>	<u>1.07</u>
Assets and liabilities					
Total assets	<u>249,342,480</u>	<u>301,214,067</u>	<u>277,486,843</u>	<u>287,381,397</u>	<u>273,054,244</u>
Total liabilities	<u>67,663,643</u>	<u>105,848,801</u>	<u>76,408,648</u>	<u>54,595,618</u>	<u>36,565,910</u>
Shareholders' funds	<u>181,678,837</u>	<u>195,365,266</u>	<u>201,078,195</u>	<u>232,785,779</u>	<u>236,488,334</u>