LFG Investment Holdings Limited
LFG 投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3938

ANNUAL REPORT
2019/2020

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Corporate Information

DIRECTORS

Executive Directors

Mr. Mui Ho Cheung Gary
(Chairman and Chief Executive Officer)
Mr. Liu Chi Wai
Mr. Ng Siu Hin Stanley
Ms. Ho Sze Man Kristie
Mr. Tang Chun Fai Billy (appointed on 1 April 2020)

Independent Non-executive Directors

Ms. Lim Yan Xin Reina (appointed on 10 September 2019)
Mr. Poon Lai Yin Michael (appointed on 10 September 2019)
Dr. Wong Ho Ki (appointed on 10 September 2019)

AUDIT COMMITTEE

Ms. Lim Yan Xin Reina *(Chairlady)*
Mr. Poon Lai Yin Michael
Dr. Wong Ho Ki

REMUNERATION COMMITTEE

Mr. Poon Lai Yin Michael *(Chairman)*
Ms. Lim Yan Xin Reina
Dr. Wong Ho Ki

NOMINATION COMMITTEE

Mr. Mui Ho Cheung Gary *(Chairman)*
Ms. Lim Yan Xin Reina
Mr. Poon Lai Yin Michael
Dr. Wong Ho Ki

AUTHORISED REPRESENTATIVES

Mr. Mui Ho Cheung Gary
Mr. Ng Siu Hin Stanley

COMPANY SECRETARY

Mr. Lam Yau Lun

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

COMPLIANCE ADVISER

TUS Corporate Finance Limited
15/F, Shanghai Commercial Bank Tower
12 Queen's Road Central
Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1601, 16th Floor
China Building
29 Queen's Road Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
33rd Floor, ICBC Tower
3 Garden Road
Central, Hong Kong

Hang Seng Bank Limited
83 Des Voeux Road Central
Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

COMPANY'S WEBSITE

www.legogroup.hk

STOCK CODE

3938

Financial Summary

RESULTS

For the year ended 31 March	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Revenue	105,679	118,437	104,815	78,620
Profit before income tax	22,172	60,118	61,102	43,950
Profit and total comprehensive income for the year	14,150	49,014	51,125	35,880
*Non-HKFRS Measures**				
Profit and total comprehensive income for the year	14,150	49,014	51,125	35,880
Add:				
Listing expenses	8,011	2,070	–	–
Equity settled share-based payment expenses	4,992	730	–	–
Net change in financial assets at fair value through profit or loss	3,644	–	–	–
Less:				
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	(576)	–	–	–
Adjusted profit and total comprehensive income for the year under non-HKFRS measures*	30,221	51,814	51,125	35,880

ASSETS AND LIABILITIES

As at 31 March	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000
Total assets	347,581	106,728	52,766	36,945
Total liabilities	172,948	47,899	24,092	16,396
Net assets	174,633	58,829	28,674	20,549

* The Company's management believes that the non-HKFRS financial measures provide shareholders and investors with useful supplementary information to assess the performance of the Group's core operations by eliminating impacts of items that the management of the Group does not consider indicative of the Group's operating performance. However, the presentation of the non-HKFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRS. Shareholders and investors should not view the adjusted results on a stand-alone basis or as a substitute for results under HKFRS.

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of LFG Investment Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to present to you the annual report of the Company for the year ended 31 March 2020 (the "Fiscal Year").

2019 marks an important milestone in the Company's development history. Established in 2015, we have grown rapidly in merely a few years. The Company's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in September 2019, opening new doors for us to develop our business, as well as enhancing our market reputation and competitive strength.

2019 is a tough and challenging year for many enterprises. As the China-US trade war heightened, combined with the uncertainties caused by Brexit and geopolitical tensions, global economy has seen a dip due to instability in market sentiments and economic activities. Coupled with the outbreak of the novel coronavirus (COVID-19) pandemic, major global stock markets have plummeted due to mounting concern about the impact of the pandemic.

Local businesses has stumbled due to a decline in economic performance, social turmoil, the pandemic and rub-on effect of global economy. Financial activities in Hong Kong are no exception. As a local financial service provider relying on demand in corporate finance advisory and underwriting services, our business was inevitably affected. During the year, the Company has actively implemented cost control measures to optimise our financial structure, and adopted a prudent risk management system to tackle the challenge.

Looking ahead, we will closely monitor market development in order to adjust business strategies. In addition to consolidating our corporate finance advisory services, we will actively grasp opportunities in investment and financing business and channel efforts to expand other segments, including underwriting business and asset management business, in order to diversify our income sources and meet the different needs of customers.

Hong Kong, as the world's top destination for IPOs, has continued to rank top globally for IPOs in 2019. As an active financial service provider in Hong Kong, the Company will continue to seize opportunities and strengthen its business network to maintain a stable project reserve in the future.

On behalf of the Board, I would like to thank the management and employees of the Group for their hard work, as well as the support and trust of customers and partners. We will continue to create long-term value for the Group and shareholders.

Mui Ho Cheung Gary
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 24 June 2020

Management Discussion and Analysis

OVERVIEW

The Group is an active financial services provider in Hong Kong licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"). The Group principally engages in the provision of (i) corporate finance advisory services; (ii) securities and financing services; and (iii) asset management services through its main operating subsidiaries, namely Lego Corporate Finance Limited, Lego Securities Limited and Lego Asset Management Limited.

The shares of the Company (the "Shares", each a "Share") were listed on the Main Board of the Stock Exchange on 30 September 2019 (the "Listing") by way of share offer with net proceeds of approximately HK$99.1 million. The net proceeds from the Listing strengthens the Group's financial position and enables the Group to pursue its business strategies to continue to grow and develop its businesses.

Following the Listing, the Group aims to utilise its established integrated financial service platform for providing a wide range of financial and securities services to its clients. The Group provides corporate finance advisory services including (i) acting as sponsor to companies seeking to list on the Main Board or GEM of the Stock Exchange; (ii) acting as financial adviser and independent financial adviser; and (iii) acting as compliance adviser. On the other hand, the Group also provides placing and underwriting services, securities dealing and brokerage services, securities financing services as well as asset management services to its clients.

Corporate finance advisory business remains as the key business driver and the Group intends to leverage on its ability to continually provide high quality corporate finance advisory services to its clients. During the Fiscal Year, the corporate finance advisory services have contributed a majority of the revenue of the Group.

Supported by the foundation built by the corporate finance advisory services, the Group continues to develop the securities and financing services and asset management services. During the Fiscal Year, the Group has completed 13 IPO underwriting projects, of which 4 of them were sponsored by the Group, and two transactions as underwriter and/or placing agent for secondary market fund raising exercise. The Group has also launched its self-managed funds during the Fiscal Year. As at 31 March 2020, the asset under management accounted to approximately US$5.2 million (equivalent to approximately HK$40.3 million).

REVIEW

Market Review

This is a remarkable yet challenging fiscal year for the Company. The successful Listing strengthens the Group's capital base and enhances its reputation in the market, which in turn increases the Group's competitiveness in securing corporate finance advisory mandates and underwriting and placing engagements and seizing opportunities for its securities financing business. The net proceeds from the Listing also provides sufficient financial resources for the Group to develop its business. In the same year, the Group has experienced volatile financial markets, resulting from a number of global events and local matter including increased friction from Sino-US trade dispute, political and economic uncertainties from the outcome of Brexit and social unrest in Hong Kong.

The world faced a new challenge in 2020. World Health Organisation has declared the outbreak of the novel coronavirus (COVID-19) as global pandemic on 11 March 2020. Global economy was forced to a standstill and economic activities in many nations declined abruptly since then. Hong Kong financial market and sentiment for investment is unavoidably impacted by the economic and social uncertainties.

While the demand for corporate finance advisory and underwriting services in the industry and its business, which is dependable on the market conditions, was impacted by the uncertainties described above, the Group's project pipeline remains solid thanks to the Group's strong reputation for excellent and high performing team. The Group also maintains sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations.

Business Review

The Group continued to derive a majority of its revenue from its corporate finance advisory services during the Fiscal Year, which accounted for approximately 81.62% (2019: approximately 77.3%) of the Group's total revenue. The Group's other businesses, namely (i) securities and financing services; and (ii) asset management services, accounted for approximately 18.34% and 0.04% (2019: approximately 22.7% and nil) of its total revenue during the Fiscal Year, respectively.

Corporate Finance Advisory Services

The Group's corporate finance advisory services include (i) IPO sponsorship services; (ii) financial and independent financial advisory services; and (iii) compliance advisory services.

The Group's corporate finance advisory business recognised a drop in revenue of approximately 5.8%, from approximately HK$91.6 million for the year ended 31 March 2019 to approximately HK$86.3 million during the Fiscal Year.

During the Fiscal Year, the Group was engaged in a total of 188 corporate finance advisory projects, which included 26 IPO sponsorship projects, 139 financial and independent financial advisory projects and 23 compliance advisory projects, while we were engaged in a total of 152 corporate finance advisory projects, which included 26 IPO sponsorship projects, 104 financial and independent financial advisory projects and 22 compliance advisory projects during the year ended 31 March 2019.

(i) IPO sponsorship services

IPO sponsorship services remained as the Group's core driver for the Fiscal Year. During the Fiscal Year, the Group was engaged in 26 IPO sponsorship projects (2019: 26) and has completed three Main Board IPO, one GEM IPO and three transfer from GEM to Main Board sponsorship engagements (2019: two, one and nil).

Revenue generated from IPO sponsorship services was approximately HK$37.8 million during the Fiscal Year (2019: approximately HK$38.5 million).

(ii) Financial and independent financial advisory services

The Group acts as (i) financial advisers to clients to advise them on the terms and structures of the proposed transactions, and the relevant implications and compliance matters under the Hong Kong regulatory framework including, among others, the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC; or (ii) independent financial advisers to independent board committees and/or independent shareholders of listed companies in Hong Kong rendering recommendations and opinions.

Revenue generated from financial and independent financial advisory services was approximately HK$39.5 million during the Fiscal Year (2019: approximately HK$43.1 million). During the Fiscal Year, the Group was engaged in 77 financial advisory projects and 62 independent financial advisory projects (2019: 54 and 50), respectively.

(iii) Compliance advisory services

The Group acts as compliance advisers to listed companies in Hong Kong for advising them on post-listing compliance matters in return for advisory fee.

Revenue generated from compliance advisory services was approximately HK$8.9 million during the Fiscal Year (2019: approximately HK$10.0 million). During the Fiscal Year, the Group was engaged in 23 compliance advisory projects. (2019: 22).

Securities and Financing Services

The Group provides (i) placing and underwriting services by acting as global coordinator, bookrunner, lead manager or underwriter for listing applicants in IPOs and underwriter or placing agent for secondary market transactions, in return for placing and/or underwriting commission income; (ii) securities dealing and brokerage services for trading in securities on the Stock Exchange and in other overseas markets; and (iii) securities financing services to its clients by providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs.

During the Fiscal Year, the Group recorded revenue from placing and underwriting business of approximately HK$10.6 million (2019: HK$21.0 million) which was mainly due to decrease in average underwriting commissions generated from placing and underwriting projects during the Fiscal Year. The Group completed 13 transactions as underwriter for IPOs and two transactions as underwriter and/or placing agent for secondary market fund raising exercise (2019: 10 and nil, respectively).

The revenue generated from securities dealing and brokerage was approximately HK$6.7 million during the Fiscal Year (2019: HK$5.6 million) which was mainly due to increase in brokerage commission and transaction fee income generated from securities transactions during the Fiscal Year.

As at 31 March 2020, the total outstanding balance of margin loans amounted to approximately HK$96.7 million (31 March 2019: approximately HK$1.7 million) and the interest income generated from securities financing services was approximately HK$2.1 million during the Fiscal Year (2019: approximately HK$0.3 million).

Asset Management Services

The Group provides fund management services to its clients.

As at 31 March 2020, the asset under management by the Group was approximately US$5.2 million (equivalent to approximately HK$40.3 million) (31 March 2019: nil). The revenue generated from asset management services was approximately HK$39,000 during the Fiscal Year (2019: nil).

Financial Review

Revenue

The total revenue of the Group decreased from approximately HK$118.4 million for the year ended 31 March 2019 to approximately HK$105.7 million for the Fiscal Year, representing a decrease of approximately 10.8%, mainly as a result of decrease in revenue of the corporate finance advisory services and securities and underwriting services.

Administrative and Other Expenses

The Group's administrative and other expenses increased by approximately 85.0% from approximately HK$17.9 million for the year ended 31 March 2019 to approximately HK$33.2 million for the Fiscal Year, primarily due to recognition of listing expenses of approximately HK$8.0 million as a result of successful Listing on 30 September 2019, increase in legal and professional fees incurred of approximately HK$1.7 million and increase in transportation and entertainment expenses of approximately HK$2.3 million.

Staff Costs

Staff costs increased by approximately 17.2% from approximately HK$40.6 million for the year ended 31 March 2019 to approximately HK$47.6 million for the Fiscal Year, primarily due to increase in remuneration package of the staff and recognition of equity settled share-based payment expenses of approximately HK$5.0 million during the Fiscal Year.

Finance Costs

Finance costs represented interest expense recognised on right-of-use assets and interest expense payable for margin financing incurred by the fund under management by the Group. The Group recorded finance costs of approximately HK$0.9 million during the Fiscal Year (2019: nil).

Profit attributable to the owners of the Company

Profit for the Fiscal Year attributable to the owners of the Company dropped to approximately HK$14.2 million (2019: approximately HK$49.0 million), primarily due to decrease in revenue, recognition of listing expenses, increase in administrative and other expenses and expected credit loss on accounts receivable.

Adjusted profit and total comprehensive income under non-HKFRS measures

To supplement the consolidated financial results of the Group prepared in accordance with HKFRS, additional non-HKFRS financial measures (in terms of adjusted profit and total comprehensive income for the year) have been presented in this annual report. The Company's management believes that the non-HKFRS financial measures provide shareholders and investors with useful supplementary information to assess the performance of the Group's core operations by eliminating impacts of items that the management of the Group does not consider indicative of the Group's operating performance. However, the presentation of the non-HKFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRS. Shareholders and investors should not view the adjusted results on a stand-alone basis or as a substitute for results under HKFRS. In addition, these non-HKFRS financial measures may be defined differently from similar terms used by other companies.

The following table sets forth the reconciliations of the Group's audited profit and total comprehensive income under HKFRS to the adjusted amount under non-HKFRS financial measures for the years ended 31 March 2020 and 2019:

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Non-HKFRS Measures		
Profit and total comprehensive income for the year	**14,150**	49,014
Add:		
Listing expenses	**8,011**	2,070
Equity settled share-based payment expenses	**4,992**	730
Net change in financial assets at fair value through profit or loss	**3,644**	–
Less:		
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	**(576)**	–
Adjusted profit and total comprehensive income for the year	**30,221**	51,814

Adjusted profit and total comprehensive income (excluding the listing expenses, equity settled share-based payment expenses, net change in financial assets at fair value through profit or loss and net loss of consolidated investment fund attributable to other redeemable shareholders) for the Fiscal Year was approximately HK$30.2 million (2019: approximately HK$51.8 million), primarily due to decrease in revenue, increase in administrative and other expenses and expected credit loss on accounts receivable.

Liquidity, Financial Resources and Capital Structure

During the Fiscal Year, the Group's working capital and other capital requirements were principally satisfied by cash generated from the Group's operations and capital.

As at 31 March 2020, the Group's net current assets amounted to approximately HK$165.2 million (31 March 2019: approximately HK$56.0 million), and its liquidity as represented by current ratio (current assets/current liabilities) was approximately 2.0 times (31 March 2019: approximately 2.2 times). Cash and bank balances amounted to approximately HK$127.9 million (31 March 2019: approximately HK$52.2 million). As at 31 March 2020, the Group has no bank loans but has short-term advances from margin financing by the fund under management of approximately HK$8.3 million (31 March 2019: nil). As at 31 March 2020, the Group's total debt incurred (including advances from margin financing and lease liabilities) were approximately HK$17.0 million (31 March 2019: nil), representing a gearing ratio of approximately 9.8% (31 March 2019: nil).

Gearing ratio is calculated based on total borrowings divided by the total equity as at the end of the Fiscal Year.

On 30 September 2019, the Shares were listed on the Main Board of the Stock Exchange by way of share offer of 72,000,000 Shares at a final offer price of HK$1.68 per Share with net proceeds of approximately HK$99.1 million. The Company believes that the funding from the share offer would further strengthen the Group's position in the financial service industry in Hong Kong and could facilitate the implementation of its business strategies to develop its business as an integrated and quality financial services provider.

Pledge of Assets

As at 31 March 2020, the Group did not have any pledged assets (31 March 2019: nil).

Foreign Currency Exposure

The majority of the Group's revenue is denominated in Hong Kong dollars and the Group's accounts are prepared in Hong Kong dollars. Consequently, the exposure to the risk of foreign exchange rate fluctuations for the Group is immaterial.

Capital Commitments and Contingent Liabilities

As at 31 March 2020, the Group did not have any significant capital commitment and contingent liabilities (31 March 2019: nil).

Employees and Remuneration Policies

As at 31 March 2020, the Group employed 46 staff (including executive Directors) (31 March 2019: 47). The remuneration of the Group's employees generally consists of monthly salary, which is determined based on, among other things, the employees' experience, qualification, position and responsibilities and discretionary bonus which is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance. Moreover, the Group provides employees training programs or subsidies employees to attend various job related training courses. Employee benefit expenses primarily consist of salaries, bonus and allowance as well as contributions to the mandatory provident fund for the Directors and employees of the Group.

Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. As disclosed in the prospectus of the Company dated 17 September 2019 (the "Prospectus"), the Company adopted the pre-IPO share option scheme on 6 March 2019 and a post-IPO share option scheme on 10 September 2019 to incentivise and retain staff members who have made contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff are competitive in comparison with market standards and practices.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Fiscal Year, save for the reorganisation of the Group for the purpose of the Listing as disclosed in the Prospectus, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Significant Investments Held by the Group

As at 31 March 2020, the Group has invested US$3 million (equivalent to approximately HK$23.3 million) into Lego Vision Fund SP, a fund under management by the Group, as seed money. Lego Vision Fund SP focuses to invest in a portfolio consisting primarily of equities, bonds and other securities of companies in promising industries with excellent management, business model, products and sound financials for the long-term sustainable growth. The net asset value per share in respect of Lego Vision Fund SP was decreased from US$100 (equivalent to approximately HK$778.0) on 1 April 2019, being the launch date of Lego Vision Fund SP, to approximately US$95.99 (equivalent to approximately HK$748.7) on 31 March 2020, representing an overall negative return of approximately 4.0%.

As at 31 March 2020, the Group held 28,809.611 non-voting shares in Lego Vision Fund SP (which represented approximately 53.5% of total non-voting shares of Lego Vision Fund SP) with aggregate value of approximately US$2.8 million (equivalent to approximately HK$21.6 million), which represented 6.2% of the total assets of the Company. In view of the concerns on economic and political conditions, it is expected that the market will be, as in 2019, very volatile. However, the portfolio of Lego Vision Fund SP is built according to the mandate for steady absolute return under a controlled standard deviation and the fund manager believes that the performance of Lego Vision Fund SP can outperform in 2020. Accordingly, the Group intends to maintain its investment in Lego Vision Fund SP as a long-term investment.

Future Plans for Material Investments or Capital Assets

The Group did not have any plan for material investment and capital asset as at 31 March 2020.

Risk Management

The objective of the Group's risk management is to achieve an appropriate balance between risk and return, and reduce the negative impact on its operating results and maximise shareholder's value. The Group's risk management strategy is to identify and analyse the various risks faced by the Group, establish appropriate risk tolerance level, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

Compliance with Laws and Regulations

During the Fiscal Year, as far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material aspects.

Environmental Policies and Performance

As a responsible corporation, the Group is committed to maintaining the environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The environmental, social and governance report of the Company prepared in accordance with Appendix 27 to the Listing Rules will be published within three months after the publication of the annual report for the Fiscal Year on the websites of the Company and the Stock Exchange.

Outlook and Prospect

Global and Asia economy faced significant uncertainties due to the global pandemic. Businesses around the world are also challenged by the new norm of conducting businesses, and ensuring the safety of its employees and customers. The Hong Kong financial market as a result remained volatile against the backdrop of such unprecedented events with global economy dipped into recession. In addition, the market continued to be sensitive to uncertainties, such as the Sino-US trade dispute, U.S. interest rate outlook, outcome of Brexit and recent social unrest in Hong Kong (the "Uncertainties").

Any adverse market condition or market sentiment may affect clients' decision on the scale, timing and platform in respect of their fund raising needs, which may lead to lower demand for, delay to or termination of fund raising activities and the Group's services.

With the Group's diversified business portfolio which creates synergies between its business lines and the Group's experiences to advise on broad spectrum of corporate transactions which covers not only fund raising activities, but also resumption, restructuring, mergers and acquisitions and other corporate actions, the Group remains capable to secure new mandates and maintain a healthy project pipeline. However, the Group's business and revenue may likely be adversely affected if the Uncertainties continue to dampen the outlook of the market.

The successful Listing strengthens the Group's capital base and enhances its reputation in the market, which in turn increases the Group's competitiveness in securing corporate finance advisory mandates and underwriting and placing engagements and seizing opportunities for its securities financing business. The Group expects to maintain sufficient financial resources and strong balance sheet to fund its ongoing business requirements, operational and financial obligations.

Looking ahead, the Group will continue to adhere to its strict and prudent risk management and compliance strategy. The Group will also capitalise on the advantages of being a fully licensed broker in Hong Kong to provide high-quality professional services on corporate finance advisory, securities and financing, and asset management for outstanding enterprises in Asia and around the world. The Group aims to create long-term return to its shareholders and investors and endeavor to establish the Group as a top comprehensive financial services institution in the region. The Group will further explore business opportunities with business synergies to the Group's existing business portfolio or those bringing attractive potential returns to the shareholders with an aim to diversify the revenue stream amid the current volatile global economic, political and health conditions.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Mui Ho Cheung Gary ("Mr. Mui"), aged 45, joined the Group in January 2016. He was appointed as a Director on 21 June 2018 and re-designated as the Chairman, Chief Executive Officer and executive Director of the Company on 25 March 2019. Mr. Mui is also a director of Lego Financial Group Investment Holdings Limited, Lego Corporate Finance Limited, Lego Securities Limited, Lego Asset Management Limited, Lego Asset Management (Cayman) Limited and Lego Funds SPC Limited. Mr. Mui has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since January 2016 and is one of the sponsor principals of Lego Corporate Finance Limited. Mr. Mui is also the chairman of the nomination committee. Mr. Mui is mainly responsible for the overall strategic planning, management, operation and business development of the Group.

Mr. Mui has accumulated over 20 years of experience in the finance and investment banking industries with extensive experience in leading and supervising different types of corporate finance transactions. Prior to joining the Group, he had held senior leadership positions at various licensed corporations. From January 2009 to January 2016, he worked at Quam Capital Limited (now known as China Tonghai Capital Limited) ("Quam Capital") and his last position was the deputy chief executive officer and a Responsible Officer of Quam Capital for Type 6 (advising on corporate finance) regulated activity. Prior to that, he had worked at Optima Capital Limited ("Optima Capital") from September 2005 to January 2009 and was a Responsible Officer of Optima Capital for Type 6 (advising on corporate finance) regulated activity, Deloitte & Touche Corporate Finance Limited from August 2000 to September 2005 with his last position as an associate director and Pacific Challenge Capital Limited from August 1999 to August 2000 with his last position as a manager.

Mr. Mui obtained a bachelor's degree in accounting and finance from The University of New South Wales, Sydney, Australia in April 1997 and has been a Fellow of CPA Australia since February 2019.

Mr. Liu Chi Wai ("Mr. Liu"), aged 45, joined the Group in January 2016. He was appointed as a Director on 25 March 2019 and re-designated as an executive Director on the same day. Mr. Liu is also a director of Lego Corporate Finance Limited. Mr. Liu has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since January 2016 and is one of the sponsor principals of Lego Corporate Finance Limited. Mr. Liu is mainly responsible for the overall management of the Group and supervision and management of the corporate finance advisory business.

Mr. Liu has accumulated over 20 years of experience in the securities and investment banking industries. Prior to joining the Group, he had gained corporate finance advisory experience from various licensed corporations. He worked at Quam Capital from February 2009 to January 2016 and his last position was a director of financial advisory department and a Responsible Officer of Quam Capital for Type 6 (advising on corporate finance) regulated activity. Prior to that, he had worked at Optima Capital from April 2005 to January 2009 with his last position as an associate director, South China Finance and Management Limited from May 2004 to March 2005 with his last position as an assistant manager, Hooray Capital Limited from September 2001 to May 2004 with his last position as an assistant manager; and Pacific Challenge Capital Limited from August 2000 to September 2001 as a corporate finance executive. Prior to that, he had worked at Emperor Securities Limited from July 1997 to March 2000 with his last position as a project officer, during which he worked in the settlement department.

Mr. Liu obtained a bachelor's degree in business administration (major in management information systems) from the Hong Kong Baptist University in December 1997.

Mr. Ng Siu Hin Stanley ("Mr. Ng"), aged 39, joined the Group in January 2016. He was appointed as a Director on 25 March 2019 and re-designated as an executive Director on the same day. Mr. Ng is also a director of Lego Corporate Finance Limited. Mr. Ng has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since January 2016 and is one of the sponsor principals of Lego Corporate Finance Limited. Mr. Ng is also a Licensed Representative of Lego Securities Limited for Type 1 (dealing in securities) regulated activity under the SFO since October 2017. Mr. Ng is mainly responsible for the overall management of the Group and supervision and management of the corporate finance advisory business.

Mr. Ng has accumulated over 15 years of diversified experience in the accounting and investment banking industries. Prior to joining the Group, he had worked at Quam Capital from March 2007 to January 2016 and his last position was a director of financial advisory department and a Responsible Officer of Quam Capital for Type 6 (advising on corporate finance) regulated activity. Prior to that, he had worked at PricewaterhouseCoopers from January 2006 to January 2007 as a senior associate and Ernst & Young from November 2003 to December 2005 as a staff accountant in the assurance and advisory business services department.

Mr. Ng obtained a bachelor's degree in actuarial science from The University of Hong Kong in December 2003. Mr. Ng has been a Fellow member of the Association of Chartered Certified Accountants since June 2012 and a chartered financial analyst of the CFA Institute since August 2015.

Ms. Ho Sze Man Kristie ("Ms. Ho"), aged 38, joined the Group in January 2016. She was appointed as a Director on 25 March 2019 and re-designated as an executive Director on the same day. Ms. Ho is also a director of Lego Corporate Finance Limited. Ms. Ho has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since January 2016 and is one of the sponsor principals of Lego Corporate Finance Limited. Ms. Ho is mainly responsible for the overall management of the Group and supervision and management of the corporate finance advisory business.

Ms. Ho has accumulated over 15 years of experience in the securities and investment banking industries. Prior to joining the Group, she had accumulated securities and corporate finance advisory experience at various licensed corporations. She worked at Celestial Capital Limited from September 2014 to January 2016 and her last position was an executive director of corporate finance of the investment banking group and a Responsible Officer of Celestial Capital Limited for Type 6 (advising on corporate finance) regulated activity. Prior to that, she had worked at Quam Capital from July 2006 to September 2014 with her last position as a director of financial advisory department and a Responsible Officer of Quam Capital for Type 6 (advising on corporate finance) regulated activity. Prior to that, she had worked at Quam Securities Company Limited (now known as China Tonghai Securities Limited) from January 2005 to July 2006 as an analyst; and Platinum Management Services Limited, a company engaged in financial services, from September 2003 to January 2005, and her last position was a research analyst.

Ms. Ho obtained a bachelor's degree in commerce from The University of British Columbia, Vancouver, British Columbia, Canada in May 2003.

Mr. Tang Chun Fai Billy ("Mr. Tang"), aged 46, was appointed as an executive Director on 1 April 2020. He joined the Group in December 2018 and is a managing director of Lego Corporate Finance Limited. Since June 2019, Mr. Tang has acted as a Responsible Officer of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO and a Licensed Representative of Lego Securities Limited for Type 1 (dealing in securities) regulated activity under the SFO.

Mr. Tang has over 20 years of experience in the accounting and investment banking industries. Prior to joining the Group, he worked at Goldin Financial Limited from July 2009 to December 2018 and his last position was the director of investment banking division and a Responsible Officer for Type 6 (advising on corporate finance) regulated activity. Prior to that, he had worked at Optima Capital as a Responsible Officer for Type 6 (advising on corporate finance) regulated activity. He had also worked at BOCOM International Holdings Company Limited, Deloitte & Touche Corporate Finance Limited and PricewaterhouseCoopers.

Mr. Tang obtained a bachelor's degree in business administration from The University of Massachusetts at Amherst, United States, in May 1996.

Independent Non-executive Directors

Ms. Lim Yan Xin Reina (formerly known as Lim Yi Ping (Lin Yiping)) **("Ms. Lim")**, aged 43, was appointed as an independent non-executive Director on 10 September 2019. She is the chairlady of the audit committee and a member of the remuneration committee and the nomination committee.

Ms. Lim has over 18 years of experience in accounting. During her tenures at the following companies, she was primarily responsible for overseeing the auditing of financial statements of companies, reviewing internal control systems and accounting procedures of companies, or managing daily operations of companies. She joined True Fitness Holdings (Singapore) Pte. Ltd. as the group chief operating officer since July 2017 and was also appointed as the chief financial officer since May 2018. Prior to that, she had worked at Ernst & Young Solutions LLP in Singapore as an executive director from April 2016 to June 2017. From January 2014 to March 2016, she worked at CFO (HK) Limited as a regional director. From July 2007 to September 2013, she worked at Boardroom Corporate Services (HK) Limited as an executive director. From June 2004 to June 2007, she worked at Deloitte & Touche Corporate Finance Limited and her last position was a manager. From June 2002 to May 2004, she worked at Deloitte & Touche Financial Advisory Services Pte Ltd as a senior associate. From January 2000 to June 2002, she worked at Arthur Anderson in Singapore and her last position was a senior.

Ms. Lim obtained a bachelor's degree in commerce from The University of Queensland in Australia in December 1999 and a graduate diploma from the Institute of Chartered Accountants in Australia in April 2006. She has been a member of the Institute of Chartered Accountants in Australia and the Hong Kong Institute of Certified Public Accountants since July 2006 and September 2006, respectively.

Ms. Lim was an independent non-executive director of On Real International Holdings Limited (a company listed on GEM (stock code: 8245)) from September 2015 to March 2016.

Mr. Poon Lai Yin Michael ("Mr. Poon"), aged 48, was appointed as an independent non-executive Director on 10 September 2019. He is the chairman of the remuneration committee and a member of the audit committee and the nomination committee.

Mr. Poon has over 20 years of experience in financial reporting, business advisory, auditing and accounting. Mr. Poon has been a Licensed Representative for Type 6 (advising on corporate finance) regulated activity of Canfield Corporate Finance Company Limited, a licensed corporation, since 26 April 2019. Since August 2017, Mr. Poon has been the executive director of Huakang Biomedical Holdings Company Limited (a company listed on GEM (stock code: 8622)). He is the founder and has been a director of Integrity Partners Capital Company Limited since April 2013. From November 2000 to March 2002, he worked at Arthur Andersen & Co. as a senior accountant. From February 2000 to November 2000, he worked at K. L. Lee & Partners C.P.A. Limited as an audit senior. From March 1997 to June 1999, he worked at Ho & Au Yeung and his last position was an audit semi-senior. From March 1995 to February 1997, he worked at Chan Chak Chung & Co. and his last position was an audit senior.

Since June 2019, Mr. Poon has been an independent non-executive director of Niche-Tech Group Limited (a company listed on GEM (stock code: 8490)). Since March 2019, Mr. Poon has been an independent non-executive director of Teamway International Group Holdings Limited (a company listed on the Main Board (stock code: 1239)). Mr. Poon has also been an independent non-executive director of Cityneon Holdings Limited (a company previously listed on the main board of the Singapore Exchange Limited) since August 2017. Since January 2010, he has been an independent non-executive director of Smartac Group China Holdings Limited (a company listed on the Main Board (stock code: 395)). Mr. Poon has also been an independent non-executive director of China Uptown Group Company Limited (a company listed on the Main Board (stock code: 2330)) since November 2006.

Mr. Poon also held the following positions in the following companies, the shares of which are or were listed on the Stock Exchange.

Current name of company	Current/former principal business activities	Period of service	Position
Anxin-China Holdings Limited (a company previously listed on the Main Board)	Integrated solutions provider, services operator and equipment manufacturer of intelligent surveillance, disaster alert and rescue coordination systems and intelligent safety systems	February 2017 to May 2017	Chief executive officer and company secretary
Vincent Medical Holdings Limited (a company listed on the Main Board (stock code: 1612))	Manufacture a range of medical devices, focusing on respiratory products, imaging contrast media power injector disposable products, and orthopaedic and rehabilitation products	February 2016 to July 2017	Alternate director to a non-executive director
Celebrate International Holdings Limited (a company listed on GEM (stock code: 8212))	Trading of food and beverage, money lending, provision of health care services, securities investment and trading, property investment and provision of logistics services	June 2010 to April 2011	Chief financial officer and company secretary
		October 2010 to July 2011	Executive director
		July 2011 to December 2011	Non-executive director
Sun International Group Limited (a company listed on GEM (stock code: 8029))	Trading and extraction of minerals, trading of bloodstock and provision of administrative service	September 2008 to September 2011	Independent non-executive director
Enviro Energy International Holdings Limited (a company listed on the Main Board (stock code: 1102))	Development of environment energy-related projects involving conventional oil, unconventional natural gas and state-of-the-art oil and gas related environmental technologies in the PRC	December 2006 to July 2008	Independent non-executive director
		July 2008 to November 2009	Chief financial officer
KOALA Financial Group Limited (a company listed on GEM (stock code: 8226))	Manufacturing and sale of quality and high performance loudspeaker systems to leading global automobiles and consumer electronics companies	March 2002 to June 2008	Financial controller and company secretary

Mr. Poon obtained a bachelor's degree in administrative studies from York University, Canada in June 1995 and a master's degree in practising accounting from Monash University, Australia in July 1998. Mr. Poon has been a Fellow member of the Hong Kong Institute of Certified Public Accountant since July 2009, and a member of CPA Australia since March 2000. Mr. Poon passed the qualification examination of Asset Management Association of China (中國證券投資基金業協會從業資格考試) in 2016.

Dr. Wong Ho Ki ("Dr. Wong"), aged 42, was appointed as an independent non-executive Director on 10 September 2019. He is a member of the audit committee, the nomination committee and the remuneration committee.

Dr. Wong has approximately 12 years of experience in the academic sector and over 6 years of experience in the legal industry. He joined Simon C. W. Yung & Co. in August 2012 as a trainee solicitor and is now a solicitor of the firm and currently practises civil and criminal litigation. From March 2009 to August 2009, he worked at Simon C. W. Yung & Co. as a litigation clerk. From August 2007 to December 2008, he worked at The Chinese University of Hong Kong as a research associate. From August 2006 to August 2007, he worked at The Hong Kong Polytechnic University as a lecturer. Dr. Wong also worked as a part-time instructor at the School of Continuing and Professional Studies, The Chinese University of Hong Kong, from August 2004 to January 2016.

Dr. Wong obtained a bachelor of arts degree (major in philosophy) in November 2001, a master of philosophy degree in December 2003 and a doctor of philosophy degree in December 2006 from The Chinese University of Hong Kong. Dr. Wong also obtained a juris doctor degree in December 2011 and the postgraduate certificate in laws in July 2012 from The Chinese University of Hong Kong. He was admitted as a solicitor of Hong Kong in September 2014.

SENIOR MANAGEMENT

Mr. Choy Kwong Wa Christopher ("Mr. Choy"), aged 55, joined the Group in August 2018 and is the chief investment officer of Lego Asset Management. Mr. Choy is also a director of Lego Asset Management (Cayman) Limited and Lego Funds SPC Limited. Mr. Choy has acted as a Responsible Officer of Lego Asset Management Limited for Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO since 1 March 2019. Mr. Choy is mainly responsible for managing the asset management business of the Group.

Mr. Choy accumulated over 25 years of experience in the asset management and investment industry, during which he managed client portfolios and provided investment advice. Prior to joining the Group, he worked at Oceanwide Asset Management Limited (formerly known as Quam Asset Management Limited and now known as China Tonghai Asset Management Limited) from March 2006 to July 2018 and his last position was the chief investment officer and a Responsible Officer for Type 4 (advising on securities) and Type 9 (asset management) regulated activities. Prior to that, he was a director of Pacific World Asset Management Limited ("Pacific World"), a then licensed corporation to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities, from February 1993 to February 2011. From April 2003 to October 2005, he served as a Responsible Officer of Pacific World for Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

Mr. Choy obtained a bachelor's degree in design and technology from the Loughborough University of Technology, the United Kingdom in July 1990 and a master of business administration from the Asia International Open University, Macau in May 1995.

Mr. Lam Yau Lun ("Mr. Lam"), aged 37, joined the Group in March 2018 and was appointed as chief financial officer and company secretary on 25 March 2019. Mr. Lam is mainly responsible for overseeing the financial and secretarial matters of the Group.

Mr. Lam has approximately 15 years of experience in the accounting, corporate finance and investment banking industries. Prior to joining the Group, he worked at a Fortune Global 500 corporation, which is a leader in the food and pharmacy industry in Canada, from July 2016 to September 2017 with his last position as a senior manager, primarily responsible for financial reporting. Mr. Lam performed corporate finance advisory works at Deloitte & Touche Corporate Finance Limited from September 2012 to November 2015 with his last position as an associate director, and Quam Capital from March 2010 to August 2012 with his last position as a manager. Mr. Lam also gained accounting experience from Deloitte Touche Tohmatsu from August 2004 to July 2008, with his last position as a senior in the audit department.

Mr. Lam obtained a bachelor's degree in business administration (major in accounting and economics) from The Hong Kong University of Science and Technology in November 2004. He also obtained master's degrees in business administration from HEC Paris in May 2010 and The Chinese University of Hong Kong in December 2010. Mr. Lam has been a Fellow member of the Hong Kong Institute of Certified Public Accountants since July 2015 and a member of the Chartered Professional Accountants of Ontario, Canada since June 2015.

Mr. Lam was an independent non-executive director of Season Pacific Holdings Limited (now known as DL Holdings Group Limited) (a company formerly listed on GEM (stock code: 8127) and currently listed on the Main Board (stock code: 1709)) from May 2017 to May 2018.

Ms. Lau Pui Yu ("Ms. Lau"), aged 37, joined the Group in March 2016 and is the head of compliance of the Group. Ms. Lau is mainly responsible for overseeing the compliance matters of the Group. Ms. Lau is a Licensed Representative of Lego Corporate Finance Limited for Type 6 (advising on corporate finance) regulated activity under the SFO since March 2016.

Ms. Lau has approximately nine years of experience in the corporate finance and investment banking industries and approximately four years of experience in compliance. Prior to joining the Group, she worked in the corporate finance and investment banking industries at several licensed corporations, which include (i) Deloitte & Touche Corporate Finance Limited for the period from July 2015 to March 2016 as an associate director; (ii) Quam Capital for the period from August 2012 to July 2015 with her last position as a senior manager; (iii) Guotai Junan Capital Limited for the period from June 2011 to August 2012 as a manager; (iv) Deloitte & Touche Corporate Finance Limited for the period from November 2010 to June 2011 as a manager; and (v) Optima Capital for the period from January 2007 to October 2010 with her last position as a manager.

Ms. Lau obtained a bachelor's degree in business administration from The Chinese University of Hong Kong in December 2006 and a master's degree of laws in compliance and regulation from The University of Hong Kong in November 2019.

Mr. Li Wing Chung ("Mr. Li"), aged 36, joined the Group in January 2017 and is a director of Lego Securities Limited. Mr. Li has acted as a Responsible Officer of Lego Securities Limited for Type 1 (dealing in securities) regulated activity under the SFO since 19 January 2017. Mr. Li is mainly responsible for managing the daily operations of the underwriting and securities businesses of the Group.

Mr. Li has approximately nine years of experience in the securities and futures industry, during which he was responsible for dealing in and advising on securities and futures. Prior to joining the Group, he worked at Brilliant Norton Securities Company Limited from October 2015 to January 2017 and his last position was a Responsible Officer for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. Prior to that, he had worked at Phillip Securities (Hong Kong) Limited from May 2011 to September 2015 with his last position as a senior dealer, and Haitong International Securities Company Limited from August 2010 to April 2011 with his last position as an account executive.

Mr. Li obtained a high diploma in social policy and administration in December 2007 and a bachelor's degree in social policy and administration in October 2008 from The Hong Kong Polytechnic University.

COMPANY SECRETARY

Mr. Lam Yau Lun, aged 37, was appointed as the company secretary of the Company on 25 March 2019. For details of his education and experience, please refer to the paragraph headed "SENIOR MANAGEMENT" above.

Directors' Report

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Fiscal Year.

SHARE OFFER

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 June 2018, the shares of which were listed on the Main Board of the Stock Exchange on 30 September 2019 (the "Listing Date").

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in the provision of corporate finance advisory services, securities and financing services and asset management services. The analysis of the Group's revenue by each service are set out in note 6 to the consolidated financial statements of this annual report.

RESULTS

The results of the Group for the Fiscal Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 58 of this annual report.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.049 per ordinary share for the year ended 31 March 2020. This proposed final dividend is subject to the approval of the shareholders of the Company (the "Shareholder(s)") at the annual general meeting of the Company (the "AGM") to be held on Monday, 10 August 2020, and will be paid on or around Tuesday, 1 September 2020 to those Shareholders whose names appear on the Company's register of members on Tuesday, 18 August 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 5 August 2020 to Monday, 10 August 2020, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on Tuesday, 4 August 2020.

The register of members of the Company will also be closed from Friday, 14 August 2020 to Tuesday, 18 August 2020, both days inclusive, in order to determine the entitlement of the Shareholders to the final dividend (if approved by the Shareholders in the AGM), during which period no share transfers will be registered. To qualify for the final dividend, all transfers forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong before 4:30 p.m. on Thursday, 13 August 2020.

BUSINESS REVIEW

The business review and performance analysis of the Group for the Fiscal Year and other information as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) is set out in the section headed "Chairman's Statement" on page 4 of this annual report, the section headed "Management Discussion and Analysis" from pages 5 to 12 of this annual report and this report. A description of the Group's future business development is set out in the section headed "Chairman's Statement" on page 4 of this annual report and the paragraph headed "Management Discussion and Analysis — Outlook and Prospect" on page 12 of this annual report.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last four financial years is set out on page 3 of this annual report. This summary does not form part of the audited consolidated financial statements.

USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Main Board of the Stock Exchange on 30 September 2019. Net proceeds (after deducting the underwriting fees and estimated expenses payable by the Company) from the share offer amounted to approximately HK$99.1 million. Accordingly, the Group adjusted the use of proceeds in the same manner as stated in the Prospectus. The details of application of net proceeds from the share offer are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the share offer (HK$ million)	Utilised up to 31 March 2020 (HK$ million)	Unutilised as at 31 March 2020 (HK$ million)	Expected timeline of full utilisation of the unutilised proceeds
Increase capital base for underwriting business	56.8%	56.3	56.3	–	Fully utilised
Expand equity capital markets (ECM) team	4.1%	4.1	–	4.1	By the end of financial year ending 31 March 2022
Invest seed money for new fund under the asset management business	13.6%	13.5	11.7	1.8	By the end of financial year ending 31 March 2021
Increase capital base for the securities financing business	9.1%	9.0	9.0	–	Fully utilised
Expand corporate finance advisory team	6.4%	6.3	0.2	6.1	By the end of financial year ending 31 March 2022
Working capital and general corporate purposes	10.0%	9.9	9.9	–	Fully utilised
Total	100%	99.1	87.1	12.0	

The unutilised net proceeds are placed in licensed banks in Hong Kong as at 31 March 2020.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the Fiscal Year, the transaction amounts of the Group's top five customers accounted for 27.3% (2019: 45.9%) of the Group's total revenues while the transaction amounts of the single largest customer accounted for 8.0% (2019: 14.0%) of the Group's total revenues.

During the Fiscal Year, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers of the Group.

Major Suppliers

Due to the nature of the principal business activities of the Group, the Group has no major suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group during the Fiscal Year are set out in note 14 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of movements in the Company's share capital during the Fiscal Year are set out in note 25 to the consolidated financial statements of this annual report.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Fiscal Year are set out in the consolidated statement of changes in equity on page 61 of this annual report and note 26 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2020, the Company did not have reserves available for distribution (as at 31 March 2019: nil).

TAX RELIEF

The Company is not aware of any relief on taxation to the Shareholders by reasons of their holdings of the Shares. If the Shareholders are unsure about the taxation implication of purchasing, holding, disposing of, dealing in, or exercise of any rights in relation to the Shares, they are advised to consult their professional advisers.

BANK LOANS AND OTHER BORROWINGS

As at 31 March 2020, the Group did not have bank loan but had short-term advances from margin financing by the fund under management. Particulars of the advances from margin financing of the Group as of 31 March 2020 are set out in note 21 to the consolidated financial statements of this annual report.

DIRECTORS

The Directors during the Fiscal Year and up to the date of this annual report are as follows:

Executive Directors:

Mr. Mui Ho Cheung Gary *(Chairman and Chief Executive Officer)*
Mr. Liu Chi Wai
Mr. Ng Siu Hin Stanley
Ms. Ho Sze Man Kristie
Mr. Tang Chun Fai Billy (appointed on 1 April 2020)

Independent Non-executive Directors:

Ms. Lim Yan Xin Reina (appointed on 10 September 2019)
Mr. Poon Lai Yin Michael (appointed on 10 September 2019)
Dr. Wong Ho Ki (appointed on 10 September 2019)

In accordance with the Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed by the Board 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 by the Board 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.

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. Mui Ho Cheung Gary, Mr. Liu Chi Wai, Mr. Ng Siu Hin Stanley and Mr. Tang Chun Fai Billy shall retire by rotation at the AGM and they being eligible, offer themselves for re-election.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 13 to 20 of this annual report.

CHANGES TO DIRECTORS' INFORMATION

Pursuant to the disclosure requirement under Rule 13.51B of the Listing Rules, the change in information of the Directors are as follows:

Mr. Tang Chun Fai Billy was appointed as an executive Director with effect from 1 April 2020.

The annual salary of Mr. Liu Chi Wai, Mr. Ng Siu Hin Stanley, Ms. Ho Sze Man Kristie and Mr. Tang Chun Fai Billy has been changed to HK$1,478,400, HK$1,344,000, HK$1,344,000 and HK$2,066,400 respectively effective from 1 April 2020.

Save as disclosed above, there is no change to any information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) under Rule 13.51(2) of the Listing Rules since the publication of the interim report for the six months ended 30 September 2019 of the Company.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of her/his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent during the Fiscal Year and up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENTS

Each of Mr. Mui Ho Cheung Gary, Mr. Liu Chi Wai, Mr. Ng Siu Hin Stanley and Ms. Ho Sze Man Kristie, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Mr. Tang Chun Fai Billy, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from 1 April 2020 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Each of the independent non-executive Directors, namely Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki, has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date and shall be automatically renewed thereafter unless terminated by either party by giving at least one month's prior notice in writing or otherwise in accordance with the terms and conditions of the letter of appointment.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract or letter of appointment with the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the related party transactions set out in note 32 to the consolidated financial statements of this annual report, none of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended 31 March 2020 and up to the date of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Fiscal Year and up to the date of this annual report.

EMOLUMENT POLICY

A remuneration committee of the Company was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Details of the emoluments of the Directors, and the five highest paid individuals during the Fiscal Year are set out in note 9 to the consolidated financial statements of this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in notes 27 and 29 to the consolidated financial statements of this annual report.

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

As at 31 March 2020, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been 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 were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

(i) Interests in the Shares and underlying Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/ interested(1)	Approximate percentage of shareholding(2)
Mr. Mui Ho Cheung Gary ("Mr. Mui")	Interest of a controlled corporation(3)	299,492,188 (L)	73.77%
	Beneficial owner(4)	4,763,452 (L)	1.17%
Mr. Liu Chi Wai ("Mr. Liu")	Beneficial owner(5)	1,732,165 (L)	0.43%
Mr. Ng Siu Hin Stanley ("Mr. Ng")	Beneficial owner(6)	1,732,165 (L)	0.43%
Ms. Ho Sze Man Kristie ("Ms. Ho")	Beneficial owner(7)	1,732,165 (L)	0.43%

Notes:

(1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.

(2) There were 405,962,965 Shares in issue as at 31 March 2020.

(3) Mr. Mui legally and beneficially owns approximately 90.38% of the issued shares of Lego Financial Group Limited and is its sole director. Accordingly, Mr. Mui is deemed to be interested in the 299,492,188 Shares held by Lego Financial Group Limited by virtue of the SFO.

(4) Mr. Mui is interested in the 4,763,452 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the pre-IPO share option scheme approved and adopted by the Company on 6 March 2019 ("Pre-IPO Share Option Scheme").

(5) Mr. Liu is interested in the 1,732,165 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.

(6) Mr. Ng is interested in the 1,732,165 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Pre-IPO Share Option Scheme.

(7) Ms. Ho is interested in the 1,732,165 underlying Shares which may be allotted and issued to her upon full exercise of all the options granted to her under the Pre-IPO Share Option Scheme.

(ii) Interests in the shares of the associated corporation

Name of Director	Associated corporation	Capacity/ Nature of Interest	Number of Shares held[1]	Approximate percentage of shareholding in the associated corporation
Mr. Mui	Lego Financial Group Limited	Beneficial owner	8,450 (L)	90.38%
Mr. Liu	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Mr. Ng	Lego Financial Group Limited	Beneficial owner	350 (L)	3.74%
Ms. Ho	Lego Financial Group Limited	Beneficial owner	100 (L)	1.07%

Note:

(1) The letter "L" denotes the person's long position in the relevant shares of the associated corporation.

Save as disclosed above, as at 31 March 2020, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was 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 were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the Fiscal Year was the Company or its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, and none of the Directors or their spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate, or had exercised any such right.

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

As at 31 March 2020, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares/ underlying Shares held/interested(1)	Approximate percentage of shareholding(2)
Lego Financial Group Limited	Beneficial owner	299,492,188 (L)	73.77%
Ms. Ki Sin Yee Cindy ("Ms. Ki")	Interest of spouse(3)	304,255,640 (L)	74.95%
Mr. Wong Wing Shing	Beneficial owner	20,820,312 (L)	5.13%

Notes:

(1) The letter "L" denotes the person's long position in the relevant Shares or underlying Shares.

(2) There were 405,962,965 Shares in issue as at 31 March 2020.

(3) Ms. Ki is the spouse of Mr. Mui and is therefore deemed to be interested in all the Shares and underlying Shares that Mr. Mui is interested by virtue of the SFO.

Save as disclosed above, as at 31 March 2020, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEMES

(a) Pre-IPO Share Option Scheme

The Company has conditionally adopted the Pre-IPO Share Option Scheme, which was approved by the written resolution of the then sole shareholder passed on 6 March 2019.

(i) Purpose of the Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of, and to provide an incentive to, certain staff of the Group who have contributed and/or will contribute to the Group, in order to motivate and retain them for the operation and development of the Group.

(ii) Who may join

The Pre-IPO Share Option is available to any individual(s) (the "Participant(s)") being a full-time or part-time employee or officer (including any executive or non-executive directors but excluding independent non-executive directors) of the Company or any of its subsidiaries. The Board shall be entitled to offer any Participant(s) who, as the Board may determine in its absolute discretion, has made and/or will make valuable contribution to the business of the Group, option(s) under the Pre-IPO Share Option Scheme.

(iii) Period of the Pre-IPO Share Option Scheme

The Board shall be entitled but shall not be bound at any time and from time to time during the period commencing from the adoption date of the Pre-IPO Share Option Scheme to 8 September 2019 (the "Scheme Period"), being the latest practicable date of the Prospectus, to grant options to not more than 50 grantees under the Pre-IPO Share Option Scheme. No further options shall be granted under the Pre-IPO Share Option Scheme after the expiry of the Scheme Period but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect. All options granted and accepted and remaining unexercised immediately prior to the expiry of the Scheme Period shall continue to be valid and exercisable in accordance with the terms of the Pre-IPO Share Option Scheme.

(iv) Maximum number of Shares

The maximum number of the Shares with respect to which options may be granted under the Pre-IPO Share Option Scheme shall be 34,000,000 Shares, representing 8.38% of the total number of issued shares of the Company (i.e. 405,794,080) as at the Listing Date and excluding any Shares which may be issued upon the exercise of any options granted or which may be granted under the Share Option Schemes.

(v) Subscription price for Shares

The price per Share at which a grantee may subscribe for Shares on the exercise of an option granted under the Pre-IPO Share Option Scheme (the "Subscription Price") shall be HK$0.6 per Share (excluding any commission and charges).

(vi) Acceptance of an option and personal rights to grantee

(a) The grant shall remain open for acceptance by the grantee (in whole or in part) for a period of five days from the grant date, provided that no such grant shall be open for acceptance after the expiry of the Scheme Period or after the Pre-IPO Share Option Scheme has been terminated. A consideration of HK$1 is payable for each acceptance of grant of option(s) which is not refundable.

(b) An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel the relevant grantee's outstanding option(s) in whole or in part.

(vii) Exercise and vesting period

An option may be exercised in whole or in part (but if in part only, in respect of a board lot or an integral multiple thereof) and an option shall vest unto a grantee and may be exercised by the grantee during the option period (the "Option Period"), being a period commencing from the Listing Date (i.e. 30 September 2019) and ending on 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme, and in accordance with the manner provided in the grant letter of the option issued by the Company to the grantee subject to any adjustments under the Pre-IPO Share Option Scheme. The options shall only be exercised in the following manner:

(a) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing from the Listing Date and ending on the day immediately before the first anniversary of the Listing Date (the "First Vesting Period");

(b) not more than 10,200,000 Shares (representing not more than 30% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) comprised in all the options under the Pre-IPO Share Option Scheme shall vest unto the grantees and become exercisable during the period commencing on the day falling on the first anniversary of the Listing Date and ending on the day immediately before the second anniversary of the Listing Date (the "Second Vesting Period"); and

(c) the remaining Shares comprised in the options under the Pre-IPO Share Option Scheme (being not more than 13,600,000 Shares, representing not more than 40% of the total number of Shares to be allotted and issued pursuant to the exercise of all the options under the Pre-IPO Share Option Scheme) shall vest unto the grantees and become exercisable during the period commencing on the day falling on the second anniversary of the Listing Date and ending on the day immediately before the third anniversary of the Listing Date (the "Third Vesting Period"). For the avoidance of doubt, any outstanding and unexercised option(s) at the end of the First Vesting Period shall be carried over to the Second Vesting Period and shall be exercisable during the Second Vesting Period. Any outstanding and unexercised option(s) at the end of the Second Vesting Period shall be carried over to the Third Vesting Period and shall be exercisable during the Third Vesting Period and until the end of the Option Period.

(viii) Total number of Shares available for issue under the Pre-IPO Share Option Scheme

The total number of Share available for issue under the Pre-IPO Share Option Scheme is 24,627,071 Shares, representing approximately 6.1% of the total number of issued Shares (i.e. 405,962,965) as at the date of this annual report.

Details of the interests of the Directors, chief executive, senior management and other employees of the Group in the options under the Pre-IPO Share Option Scheme are set out below:

Name of grantee	Date of grant	Exercise period	Subscription price per Share (HK$)	Number of Shares in relation to outstanding options as at the date of grant	Granted between the date of grant and 31 March 2020	Exercised between the date of grant and 31 March 2020	Cancelled between the date of grant and 31 March 2020	Lapsed between the date of grant and 31 March 2020	Number of Shares in relation to outstanding options as at 31 March 2020
Directors									
Mr. Mui	6 March 2019	First Vesting Period	0.6	1,429,035	–	–	–	–	1,429,035
		Second Vesting Period	0.6	1,429,035	–	–	–	–	1,429,035
		Third Vesting Period	0.6	1,905,382	–	–	–	–	1,905,382
Mr. Liu	6 March 2019	First Vesting Period	0.6	519,649	–	–	–	–	519,649
		Second Vesting Period	0.6	519,649	–	–	–	–	519,649
		Third Vesting Period	0.6	692,867	–	–	–	–	692,867
Mr. Ng	6 March 2019	First Vesting Period	0.6	519,649	–	–	–	–	519,649
		Second Vesting Period	0.6	519,649	–	–	–	–	519,649
		Third Vesting Period	0.6	692,867	–	–	–	–	692,867
Ms. Ho	6 March 2019	First Vesting Period	0.6	519,649	–	–	–	–	519,649
		Second Vesting Period	0.6	519,649	–	–	–	–	519,649
		Third Vesting Period	0.6	692,867	–	–	–	–	692,867
Subtotal				9,959,947	–	–	–	–	9,959,947
Senior management and other employees in aggregate	6 March 2019	First Vesting Period	0.6	6,729,445	–	(5,962,965)	–	(103,929)	662,551
		Second Vesting Period	0.6	6,729,445	–	–	–	(831,435)	5,898,010
		Third Vesting Period	0.6	8,972,655	–	–	–	(1,108,595)	7,864,060
Other participant	6 March 2019	First Vesting Period	0.6	194,868	–	–	–	–	194,868
		Second Vesting Period	0.6	194,868	–	–	–	–	194,868
		Third Vesting Period	0.6	259,826	–	–	–	–	259,826
Total				**33,041,054**	**–**	**(5,962,965)**	**–**	**(2,043,959)**	**25,034,130**

During the period from Listing Date to 31 March 2020, 5,962,965 options were exercised. The weighted average closing price of the total number of 5,962,965 Shares immediately before the date on which the options were exercised was HK$1.06. As the Shares were first listed on the Main Board of the Stock Exchange on 30 September 2019, the closing price of HK$1.07 as at 30 September 2019 was deemed to be the closing price of Shares immediately before the date on which the options were exercised on 30 September 2019 for calculating the weighted average closing price as disclosed above.

(b) Share Option Scheme

The Company has adopted the share option scheme (the "Share Option Scheme"), which was approved by the written resolutions of the then Shareholders passed on 10 September 2019 and became effective on the Listing Date.

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Board to grant options to Eligible Persons (as defined below) as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group.

(ii) Who may join

Subject to the provisions in the Share Option Scheme, the Directors may at any time and from time to time within a period of 10 years commencing from the date of adoption of the Share Option Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK$1 per option, to grant option to any person belonging to the following classes of participants (the "Eligible Person(s)"):

(a) any employee or proposed employee (whether full-time or part-time, including any director) of any member of the Group or invested entity; and

(b) any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of the Group or any invested entity.

(iii) Maximum number of Shares

(a) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

(b) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 40,000,000 Shares, being 10% of the total number of Shares (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised) in issue on the Listing Date (the "Scheme Limit") unless approved by the Shareholders pursuant to sub-paragraph (d) below. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Limit.

(c) The Company may seek separate approval of the Shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

For the purpose of seeking the approval of Shareholders, a circular containing the information as required under the Listing Rules shall be sent by the Company to the Shareholders.

(d) The Company may seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Limit provided that the options in excess of the Scheme Limit are granted only to Eligible Persons specifically identified by the Company before such approval is sought and that the proposed grantee(s) and his/her close associates (or his/her associates if the proposed grantee is a connected person) shall abstain from voting in the general meeting. For the purpose of seeking the approval of the Shareholders, the Company shall send a circular to the Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and any other information as required under the Listing Rules.

(iv) Maximum entitlement of each Eligible Person

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue from time to time (the "Participant Limit"), unless:

(a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting, at which the Eligible Person and his/her close associates shall abstain from voting;

(b) a circular regarding the grant has been dispatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the Eligible Person), the number and terms of the options to be granted and options previously granted to such Eligible Person); and

(c) the number and terms (including the subscription price) of such option are fixed before the Shareholders' approval is sought.

(v) **Grant of options to connected persons**

(a) Any grant of options to any Director, chief executive, or substantial Shareholder (excluding the proposed director or chief executive) of the Company or any of their respective associates shall be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is any offeree of an option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

(b) Where an option is to be granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK$5 million (or such other amount as may from time to time be specified by the Stock Exchange), such grant shall not be valid unless: (aa) a circular containing the details of the grant has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules (including, in particular, a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee of an option) to the independent Shareholders as to voting); and (bb) the grant has been approved by the independent Shareholders in general meeting (taken on a poll), at which the proposed grantee, his/her associates and all core connected persons of the Company shall abstain from voting in favour of the grant.

(c) Where any change is to be made to the terms of any option granted to a substantial Shareholder or an independent non-executive Director (or any of their respective associates), such change shall not be valid unless the change has been approved by the independent Shareholders in general meeting as required under sub-paragraph (b) above.

(vi) **Time of acceptance and exercise of an option**

An offer of grant of an option may be accepted by an Eligible Person (in whole or in part) within the date as specified in the offer letter issued by the Company, being a date not later than 21 days inclusive of, and from, the date upon which it is made, by which the Eligible Person must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme or after the termination of the Share Option Scheme, and no such offer may be accepted by a person who ceases to be an Eligible Person after the offer has been made.

An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the Eligible Person, together with a payment in favour of the Company of HK$1 per option by way of consideration for the grant thereof is delivered to the Company. Such consideration shall in no circumstances be refundable. Subject to the rules of the Share Option Scheme, option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such 10-year period.

(vii) **Subscription price for Shares**

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Where an option is to be granted, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option. For the purpose of calculating the subscription price, where an option is to be granted less than five trading days after the listing of the Shares on the Stock Exchange, the new issue price shall be taken to be the closing price for any business day within the period before listing.

(viii) **Period of the Share Option Scheme**

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further option shall be granted. All options granted and accepted and remaining unexercised immediately prior to expiry of the Share Option Scheme shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme.

(ix) **Total number of Shares available for issue under the Share Option Scheme**

The total number of Share available for issue under the Share Option Scheme is 40,000,000 Shares, representing approximately 9.85% of the total number of issued Shares (i.e. 405,962,965) as at the date of this annual report.

During the period from the Listing Date to 31 March 2020, no option had been granted or agreed to be granted by the Company under the Share Option Scheme.

EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed "SHARE OPTION SCHEMES" above, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Fiscal Year.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the period from the Listing Date and up to the year ended 31 March 2020, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands that would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

RELATED PARTY TRANSACTIONS AND EXEMPT CONTINUING CONNECTED TRANSACTIONS

Related party transactions entered into by the Group for the year ended 31 March 2020 are disclosed in note 32 to the consolidated financial statements of this annual report. These transactions were conducted in accordance with terms as agreed between the Group and the respective related parties.

During the year ended 31 March 2020, the Group had provided securities brokerage and/or financing services to Mr. Mui Ho Cheung Gary, Ms. Poh Lai Yoke and certain directors of the subsidiaries of the Company, all connected persons of the Company, after the Listing Date (the "Transactions"). The Transactions fall under the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules, but are fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) confirmed that the Transactions have been entered into in the ordinary and usual course of business of the Group and have been based on arm's length negotiations and on normal commercial terms that are fair and reasonable, and in the interests of the Shareholders as a whole.

Save for the Transactions, no other related party transactions as disclosed in note 32 to the consolidated financial statements of this annual report falls under the definition of "connected transactions" or "continuing connected transactions" under Chapter 14A of the Listing Rules.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in the related party transactions set out in note 32 to the consolidated financial statements of this annual report, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling Shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling Shareholders or their subsidiaries, during the Fiscal Year.

DONATIONS

During the Fiscal Year, the charitable and other donations made by the Group amounted to HK$1,110,000.

MATERIAL LEGAL PROCEEDINGS

During the Fiscal Year, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, there is no material legal proceeding or claim which is pending or threatened against the Company.

PERMITTED INDEMNITY PROVISIONS

Under the Articles of Association, every director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office; be indemnified and secured harmless out of the assets of the Company; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

The Company has arranged appropriate insurance cover in respect of legal action against the Directors and its officers.

EVENTS AFTER THE FISCAL YEAR

Details of significant events occurring after the Fiscal Year are set out in note 36 to the consolidated financial statements of this annual report.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has, together with the Board and the external auditor of the Company, reviewed the accounting principles and practices adopted by the Group as well as the audited consolidated financial statements of the Group for the year ended 31 March 2020.

CORPORATE GOVERNANCE

The Company is committed to maintaining high level of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 40 to 51 of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% (being the minimum public float prescribed by the Stock Exchange and the Listing Rules) of the Company's entire issued share capital were held by the public at any time during the Fiscal Year and up to the date of this annual report.

AUDITOR

BDO Limited was appointed as auditor of the Company for the year ended 31 March 2020. BDO Limited has audited the accompanying financial statements which were prepared in accordance with the Hong Kong Financial Reporting Standards.

BDO Limited is subject to retirement and, being eligible, offers itself for re-appointment at the AGM. A resolution for re-appointment of BDO Limited as auditor will be proposed at the AGM.

By order of the Board

Mui Ho Cheung Gary
Chairman of the Board

Hong Kong, 24 June 2020

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Save as disclosed in this annual report, the Company has complied with all applicable code provisions under the CG Code for the period from the Listing Date to 31 March 2020. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (collectively, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

The Company has arranged appropriate insurance coverage in respect of liability arising from legal action against its Directors, and will conduct annual review on such insurance coverage.

Board Composition

As at the date of this annual report, the Board comprised five executive Directors and three independent non-executive Directors as set out below:

Executive Directors:
Mr. Mui Ho Cheung Gary
Mr. Liu Chi Wai
Mr. Ng Siu Hin Stanley
Ms. Ho Sze Man Kristie
Mr. Tang Chun Fai Billy (appointed on 1 April 2020)

Independent Non-executive Directors:
Ms. Lim Yan Xin Reina (appointed on 10 September 2019)
Mr. Poon Lai Yin Michael (appointed on 10 September 2019)
Dr. Wong Ho Ki (appointed on 10 September 2019)

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the period from the Listing Date to 31 March 2020, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

During the period from the Listing Date to 31 March 2020, the Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

Board Diversity Policy

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company's performance. Therefore, the Company has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to business growth. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee is responsible for ensuring the diversity of the Board. The Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and the Company will disclose the implementation of the Board Diversity Policy in its corporate governance report on an annual basis.

Induction and Continuous Professional Development

Each newly appointed Directors would be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide the Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Based on the information provided by the Directors, during the period from the Listing Date to 31 March 2020, a summary of training received by the Directors is as follows:

Name of Directors	Nature of Continuous Professional Development
Executive Directors	
Mr. Mui Ho Cheung Gary	A, C and D
Mr. Liu Chi Wai	C and D
Mr. Ng Siu Hin Stanley	A, C and D
Ms. Ho Sze Man Kristie	A, B, C and D
Independent Non-executive Directors	
Ms. Lim Yan Xin Reina	A and D
Mr. Poon Lai Yin Michael	A, B, C and D
Dr. Wong Ho Ki	D

Notes:

A: attending seminars and/or conferences and/or forums and/or briefings

B: making speeches at seminars and/or conferences and/or forums

C: participating in training provided by law firms and that relating to the business of the Company

D: reading materials on various topics, including corporate governance matters, directors' duties and responsibilities, Listing Rules and other relevant laws

Chairman and Chief Executive Officer

Under code provision A.2.1 of the CG Code, which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Mui Ho Cheung Gary currently holds both positions. Mr. Mui, an executive Director and controlling Shareholder, has held key leadership position of the Group since March 2016 and has been responsible for overall strategic planning, management, operation and business development of the Group. The Directors (including the independent non-executive Directors) consider that Mr. Mui is the best candidate for both positions and the present arrangements are beneficial and in the interest of the Group and the Shareholders as a whole.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the corporate governance report which will be included in the annual reports.

The Directors have a balanced mix of experience and industry background, including but not limited to experience in the corporate finance, legal, business advisory and accounting industries. The three independent non-executive Directors who have different industry backgrounds, represent more than one-third of the Board members.

Appointment and Re-Election of Directors

Each of Mr. Mui Ho Cheung Gary, Mr. Liu Chi Wai, Mr. Ng Siu Hin Stanley and Ms. Ho Sze Man Kristie, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Mr. Tang Chun Fai Billy, an executive Director, has entered into a service contract with the Company for an initial term of three years commencing from 1 April 2020 and shall continue thereafter until it is terminated by either party by giving at least three months' prior notice in writing or otherwise in accordance with the terms and conditions of the service contract.

Each of the independent non-executive Directors, namely Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki, has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date and shall be automatically renewed thereafter unless terminated by either party by giving at least one month's prior notice in writing or otherwise in accordance with the terms and conditions of the letter of appointment.

Save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract or letter of appointment with the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Pursuant to Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board 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. Pursuant to Article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-appointment of Directors and succession plans for the Directors.

Board Meetings

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by the Directors.

As the Company was listed on 30 September 2019, the Board convened 2 meetings during the period from the Listing Date to 31 March 2020. The Company did not convene any general meeting for the period from the Listing Date to 31 March 2020. The attendance of each Director at the Board meetings is set out below:

Name of Directors	**Attended/Eligible to attend the Board meeting(s)**
Executive Directors	
Mr. Mui Ho Cheung Gary	2/2
Mr. Liu Chi Wai	2/2
Mr. Ng Siu Hin Stanley	2/2
Ms. Ho Sze Man Kristie	2/2
Independent Non-executive Directors	
Ms. Lim Yan Xin Reina	2/2
Mr. Poon Lai Yin Michael	2/2
Dr. Wong Ho Ki	2/2

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions since the Listing Date. Having made specific enquiry with the Directors, all of the Directors confirmed that he/she has complied with the required standards as set out in the Model Code during the period from the Listing Date and up to the year ended 31 March 2020.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control, compliance and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. The Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into.

Corporate Governance Function

The Board confirmed that corporate governance is a collective responsibility of the Directors, which corporate governance functions includes:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;

(d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters; and

(e) to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises three members, namely Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki, being all independent non-executive Directors. The Audit Committee is chaired by Ms. Lim Yan Xin Reina.

The principal duties of the Audit Committee include the following:

1. Being primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and considering any questions of its resignation or dismissal;

2. Monitoring integrity of the Group's financial statements, annual reports and accounts, half year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them;

3. Reviewing the Group's financial controls, risk management and internal control systems; and

4. Discussing the risk management and internal control systems with the senior management ensuring that the senior management has performed its duties to have effective systems. This review should include adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function.

The written terms of reference of Audit Committee are available on the websites of the Stock Exchange and the Company.

From the Listing Date to 31 March 2020, 2 meetings of the Audit Committee were held to review and discuss the interim and quarterly results of the Company and its subsidiaries during the Fiscal Year.

The attendance of each Audit Committee member at the Audit Committee meetings during the period from the Listing Date to 31 March 2020 is set out in the table below:

Name of Directors	Attended/ Eligible to attend
Ms. Lim Yan Xin Reina	2/2
Mr. Poon Lai Yin Michael	2/2
Dr. Wong Ho Ki	2/2

NOMINATION COMMITTEE

The Nomination Committee currently comprises four members, including one executive Director, namely, Mr. Mui Ho Cheung Gary, and three independent non-executive Directors, namely, Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki. The Nomination Committee is chaired by Mr. Mui Ho Cheung Gary.

The primary duties of the Nomination Committee include the following:

1. Reviewing the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge and industry experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. Identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable candidates, the Nomination Committee shall consider candidates on merits and contribution to the Board, with due regard to the Board Diversity Policy;

3. Assessing the independence of independent non-executive Directors;

4. Making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer of the Company; and

5. Developing and reviewing the Board Diversity Policy and measurable objectives for implementing such policy from time to time as adopted by the Board and reviewing progress on achieving the objectives.

Policy on Director's Nomination

The Nomination Committee shall identify candidates who are qualified or suitable to become members of the Board and make a recommendation to the Board on the selection of candidates nominated for directorships.

With a view to achieving a sustainable and balanced development, the Company seeks achieving and maintaining an appropriate balance of diversity perspectives at the Board level as relevant to its business growth, and is an essential element in supporting the attainment of its strategic objectives and sustainable development goals. In designing the Board's composition, Board diversity has been considered from a range of perspectives as set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledge and industry experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and the business needs of the Company from time to time.

As the Company was listed on 30 September 2019, no Nomination Committee meetings were held from the Listing Date to 31 March 2020.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three members, namely Mr. Poon Lai Yin Michael, Ms. Lim Yan Xin Reina and Dr. Wong Ho Ki, all the independent non-executive Directors. The Remuneration Committee is chaired by Mr. Poon Lai Yin Michael.

The primary duties of the Remuneration Committee include the following:

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

2. Making recommendations to the Board on the remuneration packages of individual executive Directors and senior management (this should include benefits in find, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment);

3. Making recommendations to the Board on the remuneration of non-executive Directors;

4. Reviewing and approving the management's performance-based remuneration proposals with reference to the Board's corporate goals and objectives;

5. Reviewing and approving compensation payable to executive directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;

6. Reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with the relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

7. Ensuring that no director of the Company or any of his/her associates is involved in deciding his/her own remuneration; and

8. Advising Shareholders on how to vote with respect to any service contracts of directors that require shareholders' approval under the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

As the Company was only listed on 30 September 2019, no Remuneration Committee meetings were held from the Listing Date to 31 March 2020.

Remuneration of Directors and Senior Management

Details of the remuneration by band of the members of the Directors and senior management of the Company, whose biographies are set out on pages 13 to 20 of this annual report, for the year ended 31 March 2020, are set out below:

Band of remuneration (HK$)	Number of individuals
HK$0 to HK$1,000,000	5
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	2
HK$2,000,001 to HK$2,500,000	1
HK$2,500,001 to HK$3,000,000	2

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 March 2020 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 52 to 57 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Company's assets and the Shareholders' interests and reviewing the effectiveness of the Company's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group does not have an internal audit function. Taking into account the size, nature and complexity of the Group's business, the Board have sufficient capacity to oversee the design and implementation of the risk management and internal control system and to assess its effectiveness, and accordingly there is no immediate need to set up an internal audit function within the Group.

During the Fiscal Year, the Group engaged an independent consulting firm to review the effectiveness of its risk management and internal control system. The independent consulting firm submitted a report of findings and areas for improvement to the management and the management had adopted the improvements accordingly. Having considered (i) the existence of the risk management and internal control system; (ii) the findings of the independent consulting firm; and (iii) the management have taken into account the areas for improvement suggested by the independent consulting firm and further enhanced the risk management and internal control system, the Board and Audit Committee were of the view that the Group had no material internal control deficiencies and its risk management and internal control systems were effective and adequate.

DIVIDEND POLICY

The Company has adopted a dividend policy, according to which the Board shall take into account, inter alia, the following factors when deciding whether to propose a dividend and in determining the dividend amount: (i) operating and financial results; (ii) cash flow situation; (iii) business conditions and strategies; (iv) future operations and earnings; (v) taxation consideration; (vi) interim dividend paid, if any; (vii) capital requirement and expenditure plans; (viii) interests of the Shareholders; (ix) statutory and regulatory restrictions; (x) any restrictions on payment of dividends; and (xi) any other factors that the Board may consider relevant. It is also subject to the approval of the Shareholders, the Companies Law, the Articles of Association as well as any applicable laws. The Company currently aims to pay a total dividend in respect of each financial year of not less than 30% of its distributable profits for the corresponding financial year after Listing, subject to the consideration factors aforementioned.

AUDITOR'S REMUNERATION

The remuneration for the audit and non-audit services provided by the Auditor to the Company for the year ended 31 March 2020 was approximately as follows:

Type of Services	**Amount** HK$'000
Audit services	1,113
Non-audit services related to tax consultation	43
Listing services	594
Total	**1,750**

COMPANY SECRETARY

During the Fiscal Year, Mr. Lam Yau Lun is the company secretary of the Company. Mr. Lam has undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The AGM provides opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company or, in their absence, other members of the respective committees, will attend the AGMs to answer Shareholders' questions. The auditor of the Company will also attend the AGMs to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at promoting effective communication with Shareholders and other stakeholders and maintains a website of the Company at www.legogroup.hk, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Any one or more members holding as at date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

A Shareholder shall make a written requisition to the Board or the company secretary of the Company at the headquarters and principal place of business in Hong Kong of the Company at Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong, specifying the shareholding information of the Shareholder, his/her contact details and the proposal he/she intends to put forward at general meeting regarding any specified transaction/business and its supporting documents.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters and principal place of business in Hong Kong of the Company at Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company adopted amended and restated memorandum of association on 10 September 2019, which has been effective from 10 September 2019 and adopted amended and restated articles of association on 10 September 2019, which has been effective from the Listing Date. From 10 September 2019 to 31 March 2020, the said amended and restated memorandum and articles of association did not have any change.

Independent Auditor’s Report

TO THE SHAREHOLDERS OF LFG INVESTMENT HOLDINGS LIMITED
LFG 投資控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of LFG Investment Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 58 to 140, which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

Impairment assessment of accounts receivable from corporate advisory and other services

As disclosed in note 17 to the consolidated financial statements, as at 31 March 2020, the Group had accounts receivable from corporate advisory and other services of approximately HK$32,335,000, net of impairment.

Assessing impairment of accounts receivable arising from corporate advisory and other services is a subjective area as it requires application of significant judgement and uses of estimates. Management performed periodic assessment on the recoverability of the accounts receivable and the sufficiency of impairment based on information including credit profile of different customers, ageing of the accounts receivable historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances. Management also considered forward-looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses ("ECLs") for the impairment assessment

We had identified impairment of these accounts receivable as a key audit matter because significant judgements had to be made for the assessment of the recoverability for each debtor including service history, credit history and estimated future cash flows.

Our audit procedures to address the impairment of these accounts receivable included the following:

- Understanding, evaluating and validating the controls over the impairment assessment of accounts receivable arising from corporate advisory and other services, which related to management's identification of events that might trigger the increase in default rate;

- Assessing the reasonableness of management's loss allowance estimates on accounts receivable by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current conditions and forward-looking information and examining the actual losses recorded during the current period and assessing whether there was an indication of management bias when recognising loss allowances;

- Testing the accuracy of the ageing of receivable balances on a sample basis;

- Testing on large individual aged receivable balances, understanding the rationale for management's provision decisions by reference to payment patterns during the year as well as other information available;

- Re-performing management's calculation of loss allowances under the ECLs model which grouped together all the receivables with similar risk characteristics and based on the probability of default, exposure at default and loss given default; and

- Assessing the subsequent settlement of the customers after the reporting date to consider any additional provision required.

KEY AUDIT MATTERS (Continued)

Impairment assessment of accounts receivable from securities margin financing services

As disclosed in note 17 to the consolidated financial statements, as at 31 March 2020, the Group had accounts receivable from securities margin financing services of approximately HK$96,689,000, net of impairment.

Assessing impairment of accounts receivable from securities margin financing services is a subjective area as it requires application of significant judgement and uses of estimates. At each reporting date, the Group assesses whether there has been a significant increase in credit risk of default (“SICR”) occurring over the expected life of the individual receivable between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information, and forward-looking analysis. Judgement is applied in assessing customers that may default and identifying evidence of impairment which include assessment on creditworthiness of customers, their repayment history, and application of collateral ratio, that is the level of securities collateral in proportion to the outstanding receivables balance. Estimates are used in assessing the recoverable amount of the securities collateral.

We had identified impairment of these accounts receivable as a key audit matter because significant judgements had to be made for the assessment of the recoverability for each debtor including financing history, credit history, value of underlying securities and estimated future cash flows.

Our audit procedures to address the impairment of these accounts receivable included the following:

- Understanding, evaluating and validating the controls over the impairment assessment of accounts receivable from securities margin financing services, which related to management’s identification of events that might trigger the SICR of accounts receivable and events of default;

- Testing the appropriateness of the Group’s determination of SICR and the basis of classification of exposures into the 3 stages as required by HKFRS 9 “Financial Instruments” by checking to margin clients overdue information, collateral ratio and other factors determining the stage classification as determined by the Group;

- Assessing, on a sample basis, the recoverability of the outstanding receivables through our discussion with management and with reference to credit profiles of the clients, available data, information and the latest correspondence with clients and checking subsequent settlements;

- Assessing the reasonableness of the Group’s criteria for assessing if there has been a SICR and whether allowances for financial assets should be measured on a life-time ECLs basis and the qualitative assessment;

- Re-performing management’s calculation of loss allowances under the ECLs model which grouped together all the receivables with similar risk characteristics and based on the probability of default, exposure at default and loss given default; and

- Assessing the subsequent settlement of the clients after the reporting date to consider any additional provision required.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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

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

We also provide with the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants

Chan Wing Fai
Practising Certificate Number P05443

Hong Kong, 24 June 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	6		
Corporate finance advisory services		**86,260**	91,596
Securities and underwriting services		**17,289**	26,545
Interest income from margin financing services		**2,091**	296
Asset management services		**39**	–
Total revenue		**105,679**	118,437
Other income and gains or losses, net	7	**522**	286
Staff costs		**(47,567)**	(40,585)
Administrative and other expenses		**(33,162)**	(17,927)
Expected credit loss on accounts receivable		**(2,361)**	(93)
Finance costs	10	**(939)**	–
Profit before income tax expenses	8	**22,172**	60,118
Income tax expenses	11	**(8,022)**	(11,104)
Profit and total comprehensive income for the year		**14,150**	49,014
Profit and total comprehensive income attributable to:			
Owners of the Company		**14,150**	49,014
Earnings per share:	13		
Basic and diluted earnings per share		**3.9 HK cents**	14.9 HK cents

Consolidated Statement of Financial Position

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	14	**1,511**	2,158
Intangible asset	15	**500**	500
Deposits paid	18	**1,231**	205
Right-of-use assets	24	**8,518**	–
		11,760	2,863
Current assets			
Financial assets at fair value through profit or loss	16	**50,721**	7,800
Accounts receivable	17	**132,923**	22,324
Other receivables, deposits and prepayments	18	**1,692**	2,654
Cash and bank balances — held on behalf of customers	19	**22,624**	18,901
Cash and bank balances	20	**127,861**	52,186
		335,821	103,865
Current liabilities			
Accounts payable	21	**43,796**	19,984
Accruals and other payables	22	**86,630**	8,284
Other financial liabilities	23	**18,716**	8,426
Lease liabilities	24	**6,478**	–
Deferred revenue	6	**8,509**	9,255
Tax payables		**6,534**	1,950
		170,663	47,899
Net current assets		**165,158**	55,966
Total asset less current liabilities		**176,918**	58,829
Non-current liabilities			
Lease liabilities	24	**2,285**	–
Net assets		**174,633**	58,829

Consolidated Statement of Financial Position (Continued)

As at 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Equity			
Share capital	25	**4,060**	398
Share premium	25	**110,371**	–
Reserves	26	**60,202**	58,431
Total equity		**174,633**	58,829

On behalf of the directors

Mui Ho Cheung Gary
Director

Ng Siu Hin Stanley
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital HK$'000 (note 25)	Share premium HK$'000 (note 25)	Share option reserve HK$'000 (note 26)	Other reserve HK$'000 (note 26)	(Accumulated losses)/ retained earnings HK$'000 (note 26)	Total equity HK$'000
At 1 April 2018	8	–	–	31,292	(2,626)	28,674
Increase in share capital	390	–	–	–	–	390
Recognition of equity settled share-based payments (note 27)	–	–	730	–	–	730
Profit and total comprehensive income for the year	–	–	–	–	49,014	49,014
Dividends (note 12)	–	–	–	–	(24,600)	(24,600)
Arising on reorganisation (note 26)	–	–	–	4,621	–	4,621
At 31 March 2019 and 1 April 2019	398	–	730	35,913	21,788	58,829
Arising on reorganisation (note 25)	(398)	–	–	398	–	–
Capitalisation issue of shares (note 25)	3,280	(3,280)	–	–	–	–
Issue of shares under public offer and placing (note 25)	720	120,240	–	–	–	120,960
Share issue expenses	–	(11,728)	–	–	–	(11,728)
Profit and total comprehensive income for the year	–	–	–	–	14,150	14,150
Exercise of share options (notes 25 and 27)	60	5,139	(1,622)	–	–	3,577
Recognition of equity settled share-based payments (note 27)	–	–	4,992	–	–	4,992
Dividends (note 12)	–	–	–	–	(16,147)	(16,147)
At 31 March 2020	4,060	110,371	4,100	36,311	19,791	174,633

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Profit before income tax expense		**22,172**	60,118
Adjustments for:			
Net change in financial asset at fair value through profit or loss	7	**3,644**	–
Interest income	7	**(2,133)**	(18)
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	7	**(576)**	–
Loss/(gain) on disposal of property, plant and equipment	7	**1**	(207)
Depreciation of property, plant and equipment	8	**1,398**	1,458
Depreciation of right-of-use assets	8	**6,360**	–
Expected credit loss on accounts receivable	8	**2,361**	93
Bad debt expenses	8	**18**	–
Equity settled share-based payment expenses	8	**4,992**	730
Interest expenses	10	**939**	–
Operating profit before working capital changes		**39,176**	62,174
Increase in financial assets at fair value through profit or loss		**(46,565)**	–
Increase in accounts receivable		**(112,978)**	(18,188)
Decrease/(increase) in other receivables, deposits and prepayments		**277**	(489)
Increase in cash and bank balances — held on behalf of customers		**(3,723)**	(10,908)
Increase in accounts payable		**23,812**	11,800
Increase/(decrease) in accruals and other payables		**78,346**	(402)
(Decrease)/increase in deferred revenue		**(746)**	4,480
Decrease in amount due to ultimate holding company		**–**	(862)
Cash (used in)/generated from operations		**(22,401)**	47,605
Income tax paid		**(3,438)**	(10,731)
Interest paid to banks and brokers		**(239)**	–
Net cash (used in)/generated from operating activities		**(26,078)**	36,874
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(752)**	(2,123)
Sales proceeds from disposal of property, plant and equipment		**–**	700
Interest received		**1,792**	18
Net cash generated from/(used in) investing activities		**1,040**	(1,405)

	2020 HK$'000	2019 HK$'000
Cash flows from financing activities		
Proceeds from issue of shares	**120,960**	390
Proceeds from issue of Pre-IPO shares options	**–**	4,613
Payment of listing expenses	**(11,728)**	–
Proceeds from issue of redeemable participating shares	**10,866**	626
Proceeds from exercise of share options	**3,577**	–
Interest paid on lease liabilities	**(700)**	–
Payment of principal portion of lease liabilities	**(6,115)**	–
Dividends paid	**(16,147)**	(24,600)
Net cash generated from/(used in) financing activities	**100,713**	(18,971)
Net increase in cash and bank balances	**75,675**	16,498
Cash and bank balances at the beginning of the year	**52,186**	35,688
Cash and bank balances at the end of the year	**127,861**	52,186

1. GENERAL INFORMATION

LFG Investment Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 June 2018 under the Companies Law, Cap. 22 of the Cayman Islands. Its issued shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 September 2019 (the "Listing Date"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business in Hong Kong is located at Room 1601, 16th Floor, China Building, 29 Queen's Road Central, Hong Kong.

The Company is an investment holding company and, together with its subsidiaries, are principally engaged in corporate finance advisory services, securities and financing services and asset management services.

In connection with the listing of the shares of the Company on the Main Board of the Stock Exchange, the Company underwent a reorganisation (the "Reorganisation") and has become the holding company of its subsidiaries now comprising the Group since 28 May 2019 by way of share swaps.

Details of the Reorganisation are set out in the section headed "History, Reorganisation and Group Structure" in the prospectus of the Company dated 17 September 2019.

Prior to and after the Reorganisation, the Group's business was carried out by Lego Financial Group Investment Holdings Limited ("Lego Investment Holdings") and its subsidiaries which were under control of and beneficially owned by Mr. Mui Ho Cheung Gary ("Mr. Mui"), Mr. Liu Chi Wai ("Mr. Liu"), Mr. Ng Siu Hin Stanley ("Mr. Ng"), Ms. Ho Sze Man Kristie ("Ms. Ho"), Ms. Lau Pui Yu ("Ms. Lau") and Lego Financial Group Limited ("LFGL"), the ultimate controlling shareholders of the Group (the "Controlling Shareholders"). As part of the Reorganisation, the Company was incorporated and interspersed between Lego Investment Holdings and the Controlling Shareholders. Each of the Company and Lego Investment Holdings has not been involved in any businesses prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Group and has no substance and does not form a business combination.

In the opinion of the directors, the Company's ultimate parent is LFGL, a company incorporated in the British Virgin Islands (the "BVI").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or revised HKFRSs — effective 1 April 2019

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, Business Combinations
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 12, Income Taxes
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKAS 23, Borrowing Costs

The impact of the adoption of HKFRS 16 Leases has been summarised in below. The other new or revised HKFRSs those are effective from 1 April 2019 did not have any significant impact on the Group's accounting policies.

A. HKFRS 16 — Leases

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as a right-of-use asset and a lease liability, with the narrow exception to this principle being for leases which the underlying assets are of low-value or are determined as short-term leases.

From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17.

For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach of adoption with the initial application of 1 April 2019. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(a) Adoption of new or revised HKFRSs — effective 1 April 2019 (Continued)

A. HKFRS 16 — Leases (Continued)

(i) Impact of the adoption of HKFRS 16 (Continued)

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 March 2019 to that of 1 April 2019 as follows (increase/(decrease)):

	HK$'000
Consolidated statement of financial position as at 1 April 2019	
Right-of-use assets	14,878
Lease liabilities (non-current)	8,763
Lease liabilities (current)	6,115

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 as at 31 March 2019 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 April 2019:

	HK$'000
Reconciliation of operating lease commitment to lease liabilities	
Operating lease commitment as at 31 March 2019	16,302
Less: leases of low-value assets	(339)
Less: future interest expenses	(1,085)
Total lease liabilities as at 1 April 2019	14,878

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 April 2019 is 3%.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(a) Adoption of new or revised HKFRSs — effective 1 April 2019 (Continued)

A. HKFRS 16 — Leases (Continued)

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate 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, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the consolidated statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets (the Group has leased photocopying machines) and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(a) Adoption of new or revised HKFRSs — effective 1 April 2019 (Continued)

A. HKFRS 16 — Leases (Continued)

(iii) Accounting as a lessee (Continued)

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use asset applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group did not hold any leasehold land and buildings for rental or capital appreciation purpose or for own use. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. The Group has leased a number of properties under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset. As a result, a right-of-use asset arising from a property under tenancy agreement is carried at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(a) Adoption of new or revised HKFRSs — effective 1 April 2019 (Continued)

A. HKFRS 16 — Leases (Continued)

(iv) Accounting as a lessor

As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these consolidated financial statements.

(v) Transition

As mentioned above, the Group has applied HKFRS 16 by using the modified retrospective approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before 1 April 2019. There were no onerous lease contracts that would have required a significant adjustment to the right-of-use assets at the date of initial application on 1 April 2019. The comparative information is not restated and continued to be reported under HKAS 17 and the related interpretations as allowed by the transition provision of HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 April 2019 for leases previously classified as operating leases under HKAS 17 and measured the lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019.

The Group has recognised the right-of-use assets at 1 April 2019 for leases previously classified as operating leases under HKAS 17 and measured the right-of-use assets them at an amount equals to the lease liabilities, and adjusted by the following amount of any prepaid or accrued lease payments. For all these right-of-use assets, the Group has applied HKAS 36 "Impairment of Assets" at 1 April 2019 to assess if there was any impairment as at that date.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months from the date of initial application (1 April 2019) and accounted for those leases as short-term leases; (iii) excluded the initial direct costs from the measurement of the right-of-use asset at 1 April 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" ("HK(IFRIC)-Int 4") and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int4.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(a) Adoption of new or revised HKFRSs — effective 1 April 2019 (Continued)

B. HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12 Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Under the new interpretation, the Group has to determine unused tax losses, unused tax credits and tax rate consistent with the tax treatment used for or planned to be used in its income tax filling.

C. Amendments to HKFRS 9 — Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met — instead of at fair value through profit or loss.

D. Amendments HKAS 19 — Plan Amendment, Curtailment or Settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

E. Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKFRS 3 — Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

F. Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 12 — Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(a) Adoption of new or revised HKFRSs — effective 1 April 2019 (Continued)

G. Annual Improvements to HKFRSs 2015–2017 Cycle — Amendments to HKAS 23 — Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised 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 date they become effective.

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

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after a date to be determined

Amendments to HKFRS 3 — Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 1 and HKAS 8 — Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 — Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

HKFRS 17 — Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

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

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements on pages 58 to 140 have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance which concern the preparation of financial statements. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

3. BASIS OF PREPARATION (Continued)

3.2 Basis of measurement

The significant accounting policies that have been used in the preparation of consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or revised HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 2.

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair values as explained in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5.

3.3 Functional and presentation currency

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") unless otherwise stated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure non-controlling interest that represents a present ownership interest in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;

Substantive potential voting rights held by the Company and other parties who hold voting rights;

— Other contractual arrangements; and

— Historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.2 Property, plant and equipment (Continued)

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The estimated useful lives, estimated residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Leasehold improvements	Over the terms of leases or 33%, whichever is shorter
Computer and equipment	20%–33%
Office furniture and equipment	20%
Motor vehicles	20%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.3A Leases (accounting policies applied from 1 April 2019)

The Group as lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use asset applying a cost model. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3A Leases (accounting policies applied from 1 April 2019) (Continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

4.3B Leases (accounting policies applied until 31 March 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Intangible asset

Trading right held in the Stock Exchange is classified as an intangible asset. Trading right has an indefinite useful life and is carried at cost less accumulated amortisation and accumulated impairment losses. The trading right has no foreseeable limit to the year over which the Group can use to generate net cash flows. As a result, the trading right is considered by the management as having an indefinite useful life because it is expected to contribute net cash inflows indefinitely. The trading right will not be amortised until its useful lives are determined to be finite. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

4.5 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Financial instruments (Continued)

(i) Financial assets (Continued)

Debt instruments (Continued)

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group has elected to measure loss allowances for financial assets measured at amortised cost other than accounts receivable arising from securities financing services using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising securities (if any is held); or (ii) the financial asset is 90 days past due. 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 since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings where available.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECLs amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Financial instruments (Continued)

(iii) Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss (Continued)

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Revenue arising from financial services is recognised on the following basis:

- Sponsorship, financial advisory, and other service income are recognised over time according to performance obligation and transaction prices of the contracts. It is recognised when the Group has an enforceable right to payment for performance completed to date at all times throughout the duration of the contract and the performance does not create an asset with an alternative use. Payments are received by installments in accordance to the completion of milestones as specified in the mandate;
- Commission income for brokerage business are recognised on execution of purchase, sales or other transactions or services by the Group on behalf of its clients;
- Underwriting, sub-underwriting, placing and sub-placing commissions are recognised at a point in time when the relevant services completed in accordance with the terms of underlying agreement or deal mandate; and
- Asset management fee income are recognised over time as those services are provided continuously over the contract period. Invoices for these services income are issued on a regular basis based on the terms stated in the contract.

A contract liability (i.e. deferred revenue) represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Foreign currency

Transactions entered into by the Group in currencies other than the currency of the primary economic environment in which it/they operate(s) (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. 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 arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

4.8 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Income taxes (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4.9 Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4.10 Share-based payments

Where equity instruments are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the equity instruments at the grant date. Such fair value is recognised in profit or loss immediately with a corresponding increase in the share option reserve within equity if there is no vesting condition.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Share-based payments (Continued)

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Upon exercise of share options, the amount previously recognised in share option reserve and the proceeds received net of directly attributable transaction costs up to the normal value of the share issued are reallocated to share capital with any excess being recorded as share premium. When the share options are forfeited or still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment
- intangible asset
- right-of-use assets

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as an income immediately.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Cash and bank balances

Cash and bank balances comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash at banks are assessed for ECLs in accordance with the policy set out in note 4.5(ii).

Segregated accounts maintained by the Group to hold clients' monies are recognised as an asset in financial statements and are disclosed in note 19 to the consolidated financial statements.

4.13 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive as a result of a past event, which will probably result in an outflow of economic benefits that can be reliably estimated.

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

4.14 Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions apply:

(i) 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);

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

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) The entity is controlled or jointly controlled by a person identified in (a);

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

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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.

Critical judgements in applying accounting policies

Determination of consolidation scope of certain investments

The Group invested in investment funds (the "Investments") for the purpose of this note as well as note 23 which have been formed so that voting or similar rights may not be the dominant factor in deciding who controls the Investments, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements.

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the Investments. The principle of control sets out the following three elements of control:

(a) power over the Investments;

(b) exposure, or rights, to variable returns from involvement with the Investments; and

(c) the ability to use power over the Investments to affect the amount of the investor's returns.

An investor's initial assessment of control or its status as a principal or an agent would not change simply because of a change in market conditions (e.g. a change in the investee's returns driven by market conditions), unless the change in market conditions changes one or more of the three elements of control listed above or changes the overall relationship between a principal and an agent.

In conducting the assessment to determine the consolidated scope, the directors consider whether the Group has power to remove or control over the party having the ability to direct the relevant activities of the Investments based on the facts and circumstances and whether the Group has material exposure to variable returns of the Investments or not.

Among the Investments held by the Group where the Group is directly or indirectly involved as an investment manager, the Group regularly assesses and determines whether:

(a) the Group is acting as an agent or a principal in the Investments;

(b) substantive removal rights held by other parties may remove the Group as an investment manager; and

(c) the Investments interests held together with its remuneration from servicing and managing the Investment create significant exposure to variability of returns in the Investments.

Detailed accounting policy on assessment of control are set out in "basis of consolidation" in note 4.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated financial statements, other key sources of estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial year are as follows:

(a) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. As at 31 March 2020, the carrying amount of property, plant and equipment was approximately HK$1,511,000 (2019: HK$2,158,000).

(b) Impairment of financial assets measured at amortised cost

Management estimates the amount of loss allowance for ECLs on financial assets that are measured at amortised cost based on the credit risk of the respective financial asset. The loss allowance amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows after taking into consideration of expected future credit loss of the respective financial asset. The assessment of the credit risk of the respective financial asset involves high degree of estimation and uncertainty. When the actual future cash flows are different from expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. At 31 March 2020, total carrying amount of financial assets measured at amortised cost is approximately HK$285,930,000 (2019: HK$95,525,000), net of accumulated impairment losses of accounts receivable is HK$2,476,000 (2019: HK$115,000).

(c) Income taxes and deferred taxes

The Group is subject to taxation in Hong Kong. Significant judgement is required in determining the amount of the provision for taxation and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will have impact on the income tax and/or deferred tax provisions in the period in which such determination is made.

(d) Impairment of non-financial assets

If a triggering event occurs indicating that the carrying amount of an asset may not be recoverable, an assessment of the carrying amount of that asset will be performed. Triggering events include significant adverse changes in the market value of an asset, changes in the business or regulatory environment, or certain legal events. The interpretation of such events requires judgement from management with respect to whether such an event has occurred.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(d) Impairment of non-financial assets (Continued)

Upon the occurrence of triggering events, the carrying amounts of non-financial assets are reviewed to assess whether their recoverable amounts have declined below their carrying amounts. The recoverable amount is the present value of estimated net future cash flows which the Group expects to generate from the future use of the asset, plus residual value of the asset on disposal. Where the recoverable amount of non-financial assets is less than its carrying amount, an impairment loss is recognised to write the assets down to its recoverable amount.

The impairment assessment is performed based on the discounted cash flow analysis. This analysis relies on factors such as forecast of future performance and long-term growth rates and the selection of discount rates. If these forecast and assumptions prove to be inaccurate or circumstances change, further write-down or reversal of the write-down of the carrying amount of the non-financial assets may be required.

As at 31 March 2020, the carrying amount of property, plant and equipment, intangible assets and right-of-use assets were approximately HK$1,511,000, HK$500,000 and HK$8,518,000, respectively (2019: HK$2,158,000, HK$500,000 and nil, respectively). No impairment has been recognised during the year ended 31 March 2020 (2019: nil).

(e) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the risk-free rate, expected life of the share option, volatility and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for Pre-IPO share option scheme granted on 6 March 2019. The assumptions and model used for estimating fair value for share-based payment transactions are disclosed in note 27. During the year ended 31 March 2020, equity settled share-based payment expenses was approximately of HK$4,992,000 (2019: HK$730,000) recognised in the consolidated statement of profit or loss and other comprehensive income.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group from external customers.

Information reported to the executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance focuses on revenue for each type of services provided. CODM considers the business from service perspectives whereby assesses the performance of the services based on revenue generated in the course of the ordinary activities of a recurring nature of the Group.

The CODM considers the businesses of the Group as a whole is engaged in corporate finance advisory services. Therefore the management of the Group considers that the Group only has one single operating segment. As no discrete financial information is available for identifying operating segments among different services, no further analysis of segment information is presented.

6. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Nature of services

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(i) Corporate finance advisory services	Acting as a sponsor to companies seeking to list in Hong Kong advising and guiding them and their directors throughout the listing process. Sponsor fee income are recognised over time during the initial public offering ("IPO") process;
	Acting as a financial adviser to listed companies in Hong Kong as well as their shareholders and investors advising them on transactions involving the Listing Rules, GEM Listing Rules or Takeovers Code. Financial advisory fee income are recognised over time during the service period;
	Acting as an independent financial adviser to independent board committees and independent shareholders of listed companies in Hong Kong rendering recommendations and opinions. Independent financial advisory fee income are recognised over time during the service period; and
	Acting as a compliance adviser to listed companies in Hong Kong advising them on post-listing matter. Compliance consultancy fee income are recognised over time during the service period.
(ii) Securities and financing services	
(1) Placing and underwriting services	Acting as a global coordinator, a bookrunner, a lead manager or an underwriter for listing applicants in IPOs and acting as an underwriter or a placing agent for secondary market transactions. Income is recognised at point in time and billed while the services are performed.
(2) Securities dealing and brokerage services	Providing (i) securities dealing and brokerage services for trading in securities on the Stock Exchange (including equities, exchange traded products, derivative warrants, callable bull/bear contracts, real estate investment trusts and debt securities) and securities on the major exchanges in the United States; (ii) other services including script handling and settlement services, account maintenance services and nominee, corporate action, investor relations and related services. Commission income is recognised as income on a trade date basis when the services are rendered. Service fee is billed while the services are performed.

6. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Nature of services (Continued)

Services	Nature, timing of satisfaction of performance obligation and significant payment terms
(3) Securities financing services	Providing margin financing for securities purchases on the secondary market and IPO financing for new share subscriptions in IPOs. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.
(iii) Asset management services	Providing investment advisory and asset management services. The asset management income is charged at a fixed percentage per annum of the asset value of the funds under management of the Group. The Group is also entitled to a performance fee for certain accounts when pre-set performance target for the relevant performance period is met. The performance fee is recognised when it is highly probable that a significant reversal in the revenue recognised will not occur when the performance target is evaluated on an annual basis for each of the account.

(b) Disaggregation of revenue from contracts with customers

The Group's revenue recognised during the year is as follows:

	2020 HK$'000	2019 HK$'000
By major services type:		
Corporate finance advisory services		
Sponsor fee income	37,839	38,542
Advisory fee income		
— financial and independent financial advisory	39,511	43,102
— compliance advisory	8,910	9,952
	86,260	91,596
Securities and underwriting services	17,289	26,545
Interest income from margin financing services	2,091	296
Asset management services	39	–
Total	105,679	118,437

6. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Disaggregation of revenue from contracts with customers (Continued)

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers:		
Corporate finance advisory services	**86,260**	91,596
Securities and underwriting services	**17,289**	26,545
Asset management services	**39**	–
	103,588	118,141
Revenue from other sources:		
Interest income from margin financing services	**2,091**	296
	105,679	118,437

	2020 HK$'000	2019 HK$'000
Timing of revenue recognition from contracts with customers:		
Services transferred at a point in time	**17,289**	28,841
Services transferred over time	**86,299**	89,300
	103,588	118,141

6. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Contract balances

The following table provides information about accounts receivable and contract liabilities from contracts with customers at the end of the year.

	2020 HK$'000	2019 HK$'000
Accounts receivable (note 17)	**132,923**	22,324
Deferred revenue	**8,509**	9,255

Movements in deferred revenue

	2020 HK$'000	2019 HK$'000
Balance as at beginning of the year	**9,255**	4,775
Decrease in deferred revenue as a result of recognising revenue during the year that was included in the deferred revenue at the beginning of the year	**(7,430)**	(3,910)
Increase in deferred revenue as a result of billing in advance of corporate finance advisory services	**6,684**	8,390
Balance as at end of the year	**8,509**	9,255

Sponsor fee income is generally received in advance prior to the beginning of each project and is initially recorded as deferred revenue in the consolidated statement of financial position. The portion of income received from customers but not yet earned is recorded as deferred revenue in the consolidated statement of financial position and be reflected as a current liability if such amount represents revenue that the Group expects to recognise within one year from each reporting date.

The deferred revenue mainly relates to the advance consideration received from customers. Approximately HK$7,430,000 and HK$3,910,000 of deferred revenue as of 1 April 2019 and 2018 had been recognised as revenue for the years ended 31 March 2020 and 2019.

6. REVENUE AND SEGMENT INFORMATION (Continued)

(d) Transaction price allocated to the remaining performance obligations

As at 31 March 2020 and 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are approximately HK$62,347,000 and HK$92,326,000 respectively. This amount represents revenue expected to be recognised in the future from partially completed long-term service contracts. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur in the next 6 to 24 months.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered and the Group's non-current assets (excluding financial assets) are all located in Hong Kong.

Information about major customers

During the years ended 31 March 2020 and 2019, revenue from major customers who contributed over 10% of the total revenue of the Group are as follows:

	2020 **HK$'000**	2019 HK$'000
Customer A [1]	–	16,601
Customer B [2]	–	15,369

Note 1: Revenue from corporate finance advisory services for the year ended 31 March 2019.

Note 2: Revenue from underwriting services and corporate finance advisory services for the year ended 31 March 2019.

7. OTHER INCOME AND GAINS OR LOSSES, NET

	2020 HK$'000	2019 HK$'000
Interest income	**2,133**	18
Dividend income	**1,428**	–
Exchange loss, net	**(16)**	–
Net change in financial assets at fair value through profit or loss	**(3,644)**	–
(Loss)/gain on disposal of property, plant and equipment	**(1)**	207
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	**576**	–
Other income	**46**	61
	522	286

8. PROFIT BEFORE INCOME TAX EXPENSES

The Group's profit before income tax expenses is arrived at after charging:

	2020 HK$'000	2019 HK$'000
Auditor's remuneration	**1,113**	135
Depreciation of		
— property, plant and equipment	**1,398**	1,458
— right-of-use assets	**6,360**	–
Listing expenses	**8,011**	2,070
Bad debt expenses	**18**	–
Expected credit loss on accounts receivable	**2,361**	93
Low value assets lease expenses	**103**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	6,908
Staff costs (including directors' remuneration):		
— Salaries, allowances and other benefits	**41,812**	39,159
— Equity settled share-based payment expenses	**4,992**	730
— Contributions to retirement benefits schemes	**763**	696
Total staff costs	**47,567**	40,585

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

The emolument of each of the directors for the year is set out below:

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Equity settled share-based payment expenses HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Year ended 31 March 2020						
Executive directors:						
Mr. Mui	–	720	–	764	18	1,502
Mr. Liu	–	1,380	643	278	18	2,319
Mr. Ng	–	1,380	280	278	18	1,956
Ms. Ho	–	1,308	1,200	278	18	2,804
	–	4,788	2,123	1,598	72	8,581
Independent non-executive directors (note):						
Ms. Lim Yan Xin Reina	90	–	–	–	–	90
Mr. Poon Lai Yin Michael	90	–	–	–	–	90
Dr. Wong Ho Ki	90	–	–	–	–	90
	270	–	–	–	–	270
Total	270	4,788	2,123	1,598	72	8,851

Note:

Ms. Lim Yan Xin Reina, Mr. Poon Lai Yin Michael and Dr. Wong Ho Ki were appointed as the independent non-executive directors of the Company on 10 September 2019.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Directors' remuneration (Continued)

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Equity settled share-based payments HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Year ended 31 March 2019						
Executive directors:						
Mr. Mui	–	720	–	105	18	843
Mr. Liu	–	1,308	1,500	38	18	2,864
Mr. Ng	–	1,308	727	38	18	2,091
Ms. Ho	–	1,128	582	38	18	1,766
Total	–	4,464	2,809	219	72	7,564

There was no arrangement under which a director waived or agreed to waive any emoluments during the years ended 31 March 2020 and 2019.

Discretionary bonus is determined at the management's sole discretion based on, among other things, the relevant employee's performance and the Group's financial performance.

As at 31 March 2020 and 2019, save as disclosed in note 17(i) to the consolidated financial statements, there is no other loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2019: nil).

Save as disclosed in notes 27 and 32 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 March 2020 and 2019.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three directors (2019: three directors) of the Company whose emoluments are included in the disclosure presented above. The emoluments of the remaining two individuals (2019: two individuals) are as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances and other benefits	4,386	3,780
Equity settled share-based payment expenses	416	58
Contributions to retirement benefits schemes	36	36
	4,838	3,874

The emoluments were within the following bands:

	2020 Number of individuals	2019 Number of individuals
Nil to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	1	1
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	1	–

During the years ended 31 March 2020 and 2019, no emoluments were paid by the Group to the directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. FINANCE COSTS

The Group's finance costs recognised as follows:

	2020 HK$'000	2019 HK$'000
Interest on margin financing	**239**	–
Interest on lease liabilities	**700**	–
	939	–

11. INCOME TAX EXPENSES

	2020 HK$'000	2019 HK$'000
Current tax — Hong Kong profits tax		
— Charge for the year	**8,033**	11,011
— (Over)/under-provision in respect of prior years	**(31)**	93
	8,002	11,104
Withholding tax on dividend income	**20**	–
Income tax expenses	**8,022**	11,104

Hong Kong profits tax was provided at a rate of 16.5% on the estimated assessable profits for the years ended 31 March 2020 and 2019, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK$2 million of profits of qualifying entities are taxed at 8.25%, and the profits above HK$2 million are taxed at 16.5%.

Dividend income received from listed equity investments in the United States is subject to withholding tax imposed in the country of origin. During the year ended 31 March 2020, the withholding tax rate was ranged from 21% to 30%.

11. INCOME TAX EXPENSES (Continued)

The income tax expenses for the year can be reconciled to the profit before income tax expenses in the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 HK$'000	2019 HK$'000
Profit before income tax	22,172	60,118
Tax calculated expenses at the applicable tax rates	3,658	9,919
Tax effect of non-taxable income	(63)	(3)
Tax effect of non-deductible expenses	3,470	654
Tax effect of temporary differences not recognised	864	47
Tax effect of tax losses not recognised	309	559
(Over)/under-provision in respect of prior years	(31)	93
Withholding tax on dividend income	20	–
Effect of tax concession	(40)	–
Effect of two-tier tax rate	(165)	(165)
Income tax expenses	8,022	11,104

As at 31 March 2020, the Group has estimated unused tax losses of approximately HK$4,388,000 (2019: HK$2,528,000) which were available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profit streams. The estimated tax losses have no expiry date.

The deductible temporary differences of approximately HK$6,961,000 (2019: HK$1,740,000) can be carried forward indefinitely. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is immaterial.

12. DIVIDENDS

On 10 September 2019, the Company declared dividend of HK$6,000,000, which was fully paid by its internal resources before the Listing.

On 21 November 2019, the Company had further declared the payment of an interim dividend of HK$0.025 per share with total amount of approximately HK$10,147,000 for the six months ended 30 September 2019 to the shareholders whose names appear on the Company's register of members on 12 December 2019. The interim dividend was fully paid in December 2019.

On 24 June 2020, the board of directors of the resolved to propose a final dividend for the year ended 31 March 2020 of HK$0.049 per share, amounting to a total dividend of not less than HK$19,892,000. Such dividend is subject to the approval by the shareholders of the Company at the annual general meeting to be held on 10 August 2020. The proposed final dividend is not reflected as a dividend payable in the consolidated financial statements.

Dividends declared/paid by the Group's entities before the Listing

Dividends of approximately HK$24,600,000 for the year ended 31 March 2019 was declared by Lego Investment Holdings to its then equity shareholders on 19 September 2018.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2020 HK$'000	2019 HK$'000
Profit attributable to owners of the Company	**14,150**	49,014

	2020	2019
Weighted average number of ordinary shares in issue	**367,178,523**	328,000,000
Effect of dilutive potential ordinary shares:		
— Share options (notes (ii) and (iii))	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**367,178,523**	328,000,000

13. EARNINGS PER SHARE (Continued)

Notes:

(i) For the year ended 31 March 2020, the calculation of basic earnings per share is based on profit attributable to owners of the Company of approximately of HK$14,150,000, and the weighted average number of ordinary shares in issue upon the listing of the Company and participating equity instruments resulting to new shares issued due to the exercises of share options during the year.

For the year ended 31 March 2019, the calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$49,014,000 and on the basis of 328,000,000 shares of the Company in issue, which represents the number of shares of the Company immediately after the Reorganisation and the capitalisation issue (note 25(d)) as if these shares issued under the Reorganisation had been issued on 1 April 2019 but excluding any shares issued pursuant to the share offer (note 25(e)).

(ii) The calculation of diluted earnings per share is based on profit for the year attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share options under the Pre-IPO share option scheme, and assuming the exercise is made at no consideration at the beginning of the year.

(iii) No share option was granted during the year ended 31 March 2020. On 6 March 2019, the Company granted 33,041,054 share options to the directors and employees of the Group. The Company's share options outstanding as at 31 March 2020 (as disclosed in note 27) had no dilutive effect to the earnings per share because the sum of exercise price and option value of the Company's share options were higher than the average market price of the Company's shares during the year ended 31 March 2020.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Computer and equipment HK$'000	Office furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:					
At 1 April 2018	2,111	1,565	198	1,082	4,956
Additions	1,551	443	129	–	2,123
Disposals	–	(17)	(1)	(1,082)	(1,100)
At 31 March 2019 and 1 April 2019	3,662	1,991	326	–	5,979
Additions	–	43	9	700	752
Disposals	–	(8)	–	–	(8)
At 31 March 2020	3,662	2,026	335	700	6,723
Accumulated depreciation:					
At 1 April 2018	1,720	709	108	433	2,970
Provided for the year	716	512	68	162	1,458
Disposals	–	(12)	–	(595)	(607)
At 31 March 2019 and 1 April 2019	2,436	1,209	176	–	3,821
Provided for the year	692	540	73	93	1,398
Disposals	–	(7)	–	–	(7)
At 31 March 2020	3,128	1,742	249	93	5,212
Net carrying amount:					
At 31 March 2020	534	284	86	607	1,511
At 31 March 2019	1,226	782	150	–	2,158

15. INTANGIBLE ASSET

	Total HK$'000
Cost:	
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	500

As at 31 March 2020 and 2019, the intangible assets comprise the trading rights held in the Stock Exchange, which allow the Group to trade securities on or through the Stock Exchange. It is considered by the Group's management as having an indefinite useful life since it is expected to generate net cash inflow indefinitely; and therefore, it is required to be tested for impairment annually and considered not impaired at the years end.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss as at 31 March 2020 and 2019 represented equity securities and debt securities listed in Hong Kong and the United States. Fair value of the listed equity securities and debt securities has been determined by reference to their quoted bid prices at the reporting date at active markets and inactive markets.

17. ACCOUNTS RECEIVABLE

	2020 HK$'000	2019 HK$'000
Accounts receivable arising from		
— Securities margin financing services (note (i))	96,689	1,714
— Securities dealing and brokerage services from the clearing house (note (ii))	2,266	24
— Securities dealing and brokerage services from cash clients (note (iii))	1,633	198
— Corporate advisory and other services (note (iv))	32,335	20,388
	132,923	22,324

17. ACCOUNTS RECEIVABLE (Continued)

Notes:

(i) Advances to margin clients in margin financing are repayable on demand and carry interest at Hong Kong Dollar Prime rate plus a spread. The credit facility limits for margin clients are determined by the discounted market value of the securities collateral accepted by the Group. The fair values of these securities as at 31 March 2020 were approximately HK$500,106,000 (2019: HK$2,955,000). Based on the agreement terms with margin clients, the Group is permitted to sell or repledge the securities in the securities account in the absence of default by the margin clients.

No ageing analysis is disclosed as in the opinion of the directors, an ageing analysis does not give additional value to the users of this report in view of the nature of business of securities margin financing services.

The Group evaluates the collectability of loans based on management's judgement regarding the change in credit quality, collateral value and the past collection history of each margin clients. As at 31 March 2020 and 2019, the Group has a concentration of credit risk on accounts receivable arising from margin clients. As at 31 March 2020, the top five accounts receivable of the Group from margin clients constituted approximately 40.6% of total receivables from margin clients (2019: 86.8%).

The Group has no credit terms for its margin clients.

As at 31 March 2020 and 2019, details of margin loan granted to Mr. Mui, a director of the Company, is as below:

Name of the director	Outstanding amount at the beginning of the year HK$'000	Outstanding amount at the end of the year HK$'000	Maximum outstanding amount during the year HK$'000	Margin finance facilities approved HK$'000
At 31 March 2020				
Mr. Mui	–	1,226	1,996	3,000
At 31 March 2019				
Mr. Mui	–	–	2,244	3,000

The loan granted under margin finance facilities to Mr. Mui is secured by securities, bearing interest at Hong Kong Dollar Prime Rate plus a spread and repayable on demand.

(ii) The settlement terms of accounts receivable from the clearing house arising from the ordinary course of business of securities dealing and brokerage services are two days after the trade date. The balance is neither past due nor impaired.

(iii) Accounts receivable from securities dealing and brokerage services from cash clients represented unsettled client trades on various securities exchanges transacted on the last two to three business days prior to the end of each reporting period. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to the users of this report in view of the nature of these accounts receivable.

17. ACCOUNTS RECEIVABLE (Continued)

Notes: (Continued)

(iv) In respect of the accounts receivable arising from corporate advisory and other services, the ageing analysis based on invoice date (net of impairment loss) at the end of each reporting period is as follows:

	2020 **HK$'000**	2019 HK$'000
Less than 30 days	**8,680**	12,198
31–90 days	**4,343**	4,475
91–365 days	**17,024**	3,579
Over 365 days	**2,288**	136
	32,335	20,388

Movements in the provision for impairment of accounts receivable are as follows:

	2020 **HK$'000**	2019 HK$'000
Opening balance	**115**	22
Impairment losses recognised	**2,361**	93
Closing balance	**2,476**	115

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 **HK$'000**	2019 HK$'000
Other receivables	**404**	–
Deposits paid	**2,118**	2,114
Prepayments	**401**	745
	2,923	2,859
Non-current portion		
Deposits paid	**(1,231)**	(205)
Current portion	**1,692**	2,654

19. CASH AND BANK BALANCES — HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated clients accounts with a recognised institution to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash and bank balances — held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable (note 21) to respective clients as it is liable for any loss or misappropriation of clients' monies. The segregated clients account balances are restricted and governed by the Hong Kong Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance.

20. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates.

21. ACCOUNTS PAYABLE

	2020 **HK$'000**	2019 HK$'000
Accounts payable arising from the ordinary course of business of securities dealing and brokerage services (notes (i), (ii) and (iii))		
— Cash clients	**13,748**	7,441
— Margin clients	**21,766**	12,543
Advances from margin financing (note (iv))	**8,282**	–
	43,796	19,984

Notes:

(i) The settlement terms of accounts payable attributable to dealing in securities are two days after the trade date.

(ii) No ageing analysis is disclosed as, in the opinion of the directors an ageing analysis does not give additional value to the users of this report in view of the nature of business of securities dealing and brokerage services.

(iii) As at 31 March 2020, included in accounts payable was an amount of approximately HK$22,624,000 (2019: HK$18,901,000) payable to clients in respect of segregated account balances received and held for clients in the course of the conduct of regulated activities.

(iv) Advances from margin financing are secured by securities of the Group with amount of HK$23,926,000 which are now or which shall at any time hereafter be deposited with, transferred to or held by the brokers for the Group's obligations under the relevant agreements.

As at 31 March 2020, the Group had unutilised credit limit of approximately HK$25,368,000 (2019: nil) from margin financing facilities.

22. ACCRUALS AND OTHER PAYABLES

	2020	2019
	HK$'000	HK$'000
Accruals	**3,250**	8,243
Other payables	**83,380**	41
	86,630	8,284

23. INTERESTS IN CONSOLIDATED INVESTMENT AND OTHER FINANCIAL LIABILITIES

Lego Funds SPC Limited was incorporated in the Cayman Islands under the Companies Law as a segregated portfolio company with limited liability on 14 February 2019. Lego Vision Fund SP (the "Investment") is a segregated portfolio under Lego Funds SPC Limited with initially subscription date on 28 March 2019 and launched on 1 April 2019.

As at 31 March 2020, total of approximately 28,810 shares and 24,999 shares in Lego Vision Fund SP Class A were held by Lego Investment Holdings and other parties respectively, which represented approximately 53.5% and 46.5% of issued redeemable participating shares at a consideration of approximately US$3 million and US$2.27 million, respectively.

As at 31 March 2019, total of approximately 15,000 shares and 10,802 shares in Lego Vision Fund SP Class A were held by Lego Investment Holdings and other party, respectively, which represented approximately 58% and 42% of issued redeemable participating shares at a consideration of approximately US$1.5 million and US$1.08 million, respectively.

The Group had invested in the Investment with primary objectives for capital appreciation, investment gains and selling in the near future for profit. The Investment is set up and managed by respective investment manager who has the power and authority to manage and make decisions for the Investment. Among the Investment held by the Group, where the Group is directly or indirectly involved as an investment manager and also as an investor, the Group regularly assesses and determines whether:

(i) the Group is acting as an agent or a principal in the Investment;

(ii) substantive removal rights held by other parties may remove the Group as an investment manager; and

(iii) the Investment interests held together with its remuneration from servicing and managing the Investment create significant exposure to variability of returns from activities of the assets management products that is of such significance that indicates the Group is a principal.

23. INTERESTS IN CONSOLIDATED INVESTMENT AND OTHER FINANCIAL LIABILITIES (Continued)

In the opinion of the directors, the variable returns that the Group is exposed to with respect to the Investment are significant and the Group is primarily acting as a principal and not subject to substantive removal rights held by other parties who may remove the Group as an investment manager. Therefore, the Group did consolidate the Investment.

As at 31 March 2020, the total assets and total liabilities (excluding the third-party interest as stated below) of the consolidated Investment, were approximately HK$28,335,000 and HK$6,782,000 (2019: HK$11,700,000 and nil), respectively.

Other parties' interests in consolidated Investment consist of other redeemable participating shareholders' interests in consolidated Investment which are reflected as a liability since they can be put back to the Group for cash. The realisation of net assets attributable to other parties' interests in the consolidated Investment cannot be predicted with accuracy since these represent the interests of other redeemable participating shareholders in the consolidated Investment that are subject to the actions of other parties.

For the year ended 31 March 2020, investment returns related to interests held by other redeemable participating shareholders of loss of approximately HK$576,000 (2019: nil) in consolidated Investment were included in "other income and gains or losses, net" in the consolidated statement of profit or loss and the interests held by other redeemable participating shareholders amounted to HK$18,716,000 as at 31 March 2020 (2019: HK$8,426,000). Such amount is recognised as "other financial liabilities" in the consolidated statement of financial position.

24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

HKFRS 16 was adopted on 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, see note 2(a)A to the consolidated financial statements. The accounting policies applied subsequent to the date of initial application, 1 April 2019, are disclosed in note 4.3A to the consolidated financial statements.

Nature of leasing activities (in the capacity as lessee)

The Group leases two properties in Hong Kong from which it operates. The periodic rent of lease contracts comprise only fixed payment over the lease term.

The Group also leases certain items of office equipment. Leases of office equipment comprise only fixed payments over the lease terms.

24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(i) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 March 2020 HK$'000	1 April 2019 HK$'000
Properties leased for own use, carried at depreciated cost	**8,518**	14,878

(ii) Lease liabilities

	HK$'000
Balance as at 31 March 2019	–
Adoption of HKFRS 16 (note 2(a)A(i))	14,878
Balance as at 1 April 2019	14,878
Interest expense	700
Lease payments	(6,815)
Balance as at 31 March 2020	8,763

Future lease payments are due as follows:

	31 March 2020		
	Minimum lease payments HK$'000	**Interest HK$'000**	**Present value HK$'000**
Not later than one year	**6,816**	**338**	**6,478**
Later than one year and not later than two years	**2,332**	**47**	**2,285**
	9,148	**385**	**8,763**

24. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(ii) Lease liabilities (Continued)

	1 April 2019 (note)		
	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Not later than one year	6,815	700	6,115
Later than one year and not later than two years	6,816	338	6,478
Later than two years and not later than five years	2,332	47	2,285
	15,963	1,085	14,878

The present value of future lease payments is analysed as follows:

	31 March 2020 HK$'000	1 April 2019 (note) HK$'000
Current liabilities	**6,478**	6,115
Non-current liabilities	**2,285**	8,763
	8,763	14,878

Note: The Group has applied HKFRS 16 using the modified retrospective approach of adoption with the initial application of 1 April 2019. The comparative information presented in 2019 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

(iii) Amounts recognised in profit or loss

	2020 HK$'000
Depreciation of right-of-use assets	**6,360**
Interest on lease liabilities	**700**
	7,060

25. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Amount
		HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
— Upon incorporation (note (a))	38,000,000	380
At 31 March 2019 and 1 April 2019	38,000,000	380
— Increase of authorised share (note (b))	9,962,000,000	99,620
At 31 March 2020	10,000,000,000	100,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
— Upon incorporation (note (a))	780	–*
At 31 March 2019 and 1 April 2019	780	–*
— Allotment of shares under reorganisation (note (c))	1,268	–*
— Capitalisation issue of shares (note (d))	327,997,952	3,280
— Issue of shares under share offer (note (e))	72,000,000	720
— Exercise of share options (note (g))	5,962,965	60
At 31 March 2020	405,962,965	4,060

* The balance represents an amount less than HK$1,000.

Notes:

(a) The Company was incorporated in the Cayman Islands on 21 June 2018 with an authorised share capital of US$50,000 divided into 50,000 shares of par value of US$1 each. One ordinary share was issued and allotted upon incorporation.

On 21 December 2018, the authorised share capital of the Company was increased by HK$380,000 divided into 38,000,000 shares of HK$0.01 each. Thereafter, 780 shares ordinary shares were issued and allotted. The Company then repurchased the initial share and subsequently cancelled the initial share and all 50,000 unissued shares of US$1 each in the capital of the Company.

(b) On 10 September 2019, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$100,000,000 divided into 10,000,000,000 shares of par value of HK$0.01 each by the creation of an additional of 9,962,000,000 shares.

(c) Under the Reorganisation, Mr. Mui transferred his entire shareholding interest in the Company to LFGL at a consideration of HK$7.8, which was determined with reference to the par value of the shares. LFGL and other shareholders transferred their respective 935 shares and an aggregate of 89 shares in Lego Investment Holdings to the Company in consideration of the Company allotting and issuing 1,090 shares to LFGL and an aggregate of 178 shares to other shareholders.

(d) The directors were authorised to capitalise an amount of approximately HK$3,280,000 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 327,997,952 ordinary shares for the allotment of shares to existing shareholders.

(e) Under a share offer took place during the year ended 31 March 2020, 72,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$1.68 per share for a total consideration (before share issue expenses) of HK$120,960,000.

25. SHARE CAPITAL AND SHARE PREMIUM (Continued)

Notes: (Continued)

(f) Before completion of the Reorganisation, the share capital balance in the consolidated statement of financial position as at 31 March 2019 represented the combined share capital of the entities now comprising the Group.

(g) During the year ended 31 March 2020, the share options were exercised to subscribe for 5,962,965 ordinary shares of the Company at a cash consideration, before expenses, of approximately HK$3,577,000, of which approximately HK$60,000 was credited to share capital and the balance of approximately HK$3,517,000 together with share option reserve of approximately HK$1,622,000 were transferred to the share premium account upon the exercise of the share options.

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of shares.

26. RESERVES

Details of the movements of the Group's reserves are as set out in the consolidated statement of changes in equity.

The following describes the nature and purpose of each reserve within owners' equity.

Reserves	**Description and purpose**
Share option reserve (note 27)	Amortised share-based payment reserve under Pre-IPO share option scheme
Other reserve	The aggregate amount of share capital of subsidiaries comprising the Group.
Accumulated losses/retained earnings	Cumulative net gains and losses recognised in profit or loss.

Reserves of the Company:

	Share option reserve HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 21 June 2018 (date of incorporation)	–	–	–
Loss and total comprehensive income for the period	–	(3,465)	(3,465)
Recognition of equity settled share-based payments (note 27)	730	–	730
At 31 March 2019 and 1 April 2019	730	(3,465)	(2,735)
Profit and total comprehensive income for the year	–	18,946	18,946
Recognition of equity settled share-based payments (note 27)	4,992	–	4,992
Exercise of share options	(1,622)	–	(1,622)
Dividends declared and paid	–	(16,147)	(16,147)
At 31 March 2020	4,100	(666)	3,434

27. SHARE-BASED PAYMENT TRANSACTIONS

(A) Pre-IPO Share Option Scheme

The Group operates a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") in order to motivate and retain key staff of the Group for the operation and development of the Group. Eligible participants of the Pre-IPO Share Option Scheme include the Group's directors and other employees. The Pre-IPO Share Option Scheme was conditionally adopted on 6 March 2019 and, unless otherwise cancelled or amended, will remain in force until 6 March 2027, being the eighth anniversary of the date of adoption of the Pre-IPO Share Option Scheme.

On 6 March 2019, the Group conditionally granted 33,041,054 options to 44 grantees to subscribe for an aggregate of 33,041,054 shares under the Pre-IPO Share Option Scheme for a consideration of HK$1 per grant. As at 31 March 2020, the grantees with outstanding share options include (i) 8 connected grantees; (ii) 2 senior management; (iii) 26 other employees and (iv) one consultant of the Group. The options granted under the Pre-IPO Share Option Scheme shall vest in three years starting from the date of listing.

The estimated fair value of the options granted on the grant date is approximately HK$9,037,000. During the year ended 31 March 2020, the Group recognised the total expense of approximately HK$4,992,000 (2019: HK$730,000) in relation to share options granted.

The fair value was measured using the Binomial Option Pricing model. The inputs used in the model were as follows:

Share Options granted on 6 March 2019:

Risk-free Rate (Continuous rate)	1.69%
Share Value as at the Appraisal Date	HK$0.46 per share
Exercise Price	HK$0.60
Expected Tenor	8 years
Volatility	60.84%
Dividend Yield	0.00%

The Binomial Option Pricing model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

The valuation was performed by Hong Kong Appraisal Advisory Limited, who is independent to the Group.

27. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(A) Pre-IPO Share Option Scheme (Continued)

The following table discloses movements of the Group's share option held by the grantees:

	Number of share options						
Name and category of participant	**Outstanding as at 1 April 2019**	**Granted during the year ended 31 March 2020**	**Exercised during the year ended 31 March 2020** (note (ii))	**Forfeited during the year ended 31 March 2020**	**Cancelled during the year ended 31 March 2020**	**Outstanding as at 31 March 2020** (note (iii))	**Exercisable periods of share options** (note (i))
Directors							
Mr. Mui	4,763,452	–	–	–	–	4,763,452	30/9/2019–6/3/2027
Mr. Liu	1,732,165	–	–	–	–	1,732,165	30/9/2019–6/3/2027
Mr. Ng	1,732,165	–	–	–	–	1,732,165	30/9/2019–6/3/2027
Ms. Ho	1,732,165	–	–	–	–	1,732,165	30/9/2019–6/3/2027
	9,959,947	–	–	–	–	9,959,947	
Employees	22,431,545	–	(5,962,965)	(2,043,959)	–	14,424,621	30/9/2019–6/3/2027
Other participant	649,562	–	–	–	–	649,562	30/9/2019-6/3/2027
	33,041,054	–	(5,962,965)	(2,043,959)	–	25,034,130	

	Number of share options						
Name and category of participant	Outstanding as at 1 April 2018	Granted during the year ended 31 March 2019	Exercised during the year ended 31 March 2019	Forfeited during the year ended 31 March 2019	Cancelled during the year ended 31 March 2019	Outstanding as at 31 March 2019 (note (iii))	Exercisable periods of share options (note (i))
Directors							
Mr. Mui	–	4,763,452	–	–	–	4,763,452	30/9/2019–6/3/2027
Mr. Liu	–	1,732,165	–	–	–	1,732,165	30/9/2019–6/3/2027
Mr. Ng	–	1,732,165	–	–	–	1,732,165	30/9/2019–6/3/2027
Ms. Ho	–	1,732,165	–	–	–	1,732,165	30/9/2019–6/3/2027
	–	9,959,947	–	–	–	9,959,947	
Employees	–	23,081,107	–	–	–	23,081,107	30/9/2019–6/3/2027
	–	33,041,054	–	–	–	33,041,054	

27. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(A) Pre-IPO Share Option Scheme (Continued)

Notes:

(i) All share options granted are subject to a vesting period and becoming exercisable in whole or in part in the following manner:

	Exercisable percentage
From 30 September 2019 to 29 September 2020	30%
From 30 September 2020 to 29 September 2021	60%
From 30 September 2021 to 6 March 2027	100%

(ii) The weighted average closing price of the shares at the date of exercise of options exercised during the year was HK$1.06 (2019: N/A).

(iii) Exercisable share options and weighted average exercise prices are as follows

	2020		2019	
	Number of exercisable share options	**Weighted average exercise price**	Number of exercisable share options	Weighted average exercise price
Balance at 1 April	**–**	**N/A**	–	N/A
Vested during the year	**9,808,366**	**0.6**	–	N/A
Exercised during the year	**(5,962,965)**	**0.6**	–	N/A
Forfeited during the year	**–**	**N/A**	–	N/A
Balance at 31 March	**3,845,401**	**0.6**	–	N/A

(B) Share Option Scheme

On 10 September 2019, pursuant to a written resolution passed by the shareholders of the Company, the Company has adopted a share option scheme (the "Scheme"), which is effective from the listing date (i.e. 30 September 2019).

The purpose of the Scheme is to enable to the board to grant option to eligible persons (including employees or other eligible persons) as incentives or rewards for their contribution or potential contribution to the Group and/or to recruit and retain high caliber eligible persons and attract human resources that are valuable to the Group.

Subject to the provisions in the Scheme, the Directors may at any time and from time to time within a period of 10 years period commencing from the date of adoption of the Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at a consideration of HK$1 per option, to grant option to any eligible persons as defined in the Scheme (the "Eligible Person(s)").

27. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(B) Share Option Scheme (Continued)

Notwithstanding anything to the contrary herein, the maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of our Company shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time. The total number of shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 40,000,000 shares, being 10% of the total number of shares (assuming the Over-allotment Option is not exercised and no options granted under the Pre-IPO Share Option Scheme are exercised) in issue on the Listing Date (the "Scheme Limit") unless approved by the shareholders. Options lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Limit.

The Company may seek separate approval of the shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of the approval of the shareholders on the refreshment of the Scheme Limit. Options previously granted under the Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

No option shall be granted to any Eligible Person if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant would exceed 1% of the total number of shares in issue from time to time (the "Participant Limit"), unless relevant exception conditions were met.

The offer of a grant of share options may be accepted by an eligible person (in whole or in part) within the date not later than 21 days inclusive of, and from, the date upon which it is made, by which the eligible person must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Scheme or after the termination of the Scheme, and no such offer may be accepted by a person who ceases to be an eligible person after the offer has been made. An offer shall be deemed to have been accepted on the date when the duly signed duplicate comprising acceptance of the offer by the eligible person, together with the payment of nominal consideration of HK$1 per option by the grantee.

The option may be exercised in whole or in part by the grantee at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such 10-year period.

The subscription price of a share in respect of any option granted under the Scheme shall be such price as determined by the Board, and shall be at least the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date (the "Offer Date"), which must be a trading day, on which the directors passes a resolution approving the making of an offer of grant of an option to an Eligible Person; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a share on the Offer Date.

No option has been granted since the adoption of the Scheme.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Other financial liabilities HK$'000	Lease liabilities HK$'000	Dividend payable HK$'000
At 31 March 2018	–	–	–
Dividend paid to shareholders of the Group's entities	–	–	(24,600)
Proceeds from issue of redeemable participating shares	626	–	–
Non-cash transactions:			
Dividend declared	–	–	24,600
Increase in other financial liabilities from increase in financial assets at fair value through profit or loss	7,800	–	–
At 31 March 2019 and 1 April 2019	8,426	–	–
Interest paid on lease liabilities	–	(700)	–
Payment of principal portion of lease liabilities	–	(6,115)	–
Dividend paid to shareholders of the Company	–	–	(16,147)
Proceeds from issue of redeemable participating shares	10,866	–	–
Non-cash transactions:			
Adoption of HKFRS 16	–	14,878	–
Interest expense recognised	–	700	–
Share of results of consolidated investment fund attributable to other redeemable participating shareholders	(576)	–	–
Dividend declared	–	–	16,147
At 31 March 2020	18,716	8,763	–

29. EMPLOYEE RETIREMENT BENEFITS

The employees of the Company's subsidiaries in Hong Kong participate in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. All employees joining the Group are required to join the MPF Scheme.

Under the current rules of the MPF Scheme, employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income capped at HK$1,500 per month. The retirement benefit costs charged to profit or loss represent contributions payable by the Group at rates specified in the rules of the MPF Scheme.

As at 31 March 2020, there were no forfeited contributions available to offset future employers' contributions to the MPF Scheme.

30. COMMITMENTS

(a) Operating lease commitments

As lessee

As at 31 March 2020 and 2019, the Group had commitments for future minimum lease payments in respect of offices and machines under non-cancellable leases as follows:

	2020 **HK$'000**	2019 HK$'000
Within one year	**93**	6,909
One to two years	**91**	6,909
More than two years	**60**	2,484
	244	16,302

30. COMMITMENTS (Continued)

(a) Operating lease commitments (Continued)

As lessee (Continued)

The Group is the lessee in respect of a number of properties and office equipment, which were previously classified as operating leases under HKAS 17. The Group has elected to recognise all the right-of-use assets (except the leases which the underlying assets are of low-value or are determined as short-term leases) and measures them at an amount equal to the lease liabilities. Under this approach, the Group has not adjusted the opening balances at 1 April 2019. From 1 April 2019 onwards, future lease payments are recognised as "lease liabilities" as disclosed in note 2(a)A(i) to the consolidated financial statements.

The operating lease commitments as at 31 March 2020 exclude those recognised as "lease liabilities".

(b) Underwriting commitments

At the end of the reporting period, the Group had underwriting commitment as follows to purchase the securities in underwriting at an agreed price between the Group and issuer of securities, regardless of whether or not the securities can be sold to investors in the futures.

	2020 **HK$'000**	2019 HK$'000
Underwriting commitment	**580**	92,329

In the opinion of the directors of the Company, the fair values of the underwriting arrangements are insignificant to the Group.

31. FINANCIAL RISK MANAGEMENT

(a) Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets at amortised cost		
— Accounts receivable	**132,923**	22,324
— Other receivables and deposits	**2,522**	2,114
— Cash and bank balances — held on behalf of customers	**22,624**	18,901
— Cash and bank balances	**127,861**	52,186
	285,930	95,525
Financial assets at fair value through profit or loss	**50,721**	7,800
	336,651	103,325
Financial liabilities at amortised cost		
— Accounts payable	**43,796**	19,984
— Accruals and other payables	**86,630**	8,284
— Other financial liabilities	**18,716**	8,426
Lease liabilities	**8,763**	–
	157,905	36,694

(b) Financial risk management objectives and policies

The objective of the Group's risk management is to achieve an appropriate balance between risk and return, and reduce the negative impact on the Group's operating results and maximise shareholder's value. The Group's risk management strategy is to identify and analyse various risks faced by the Group, establish appropriate risk tolerance, and reliably measure and monitor the risks on a timely and effective manner to ensure the risks are controlled within the tolerance level.

31. FINANCIAL RISK MANAGEMENT (Continued)

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

The main risks arising from the Group's financial instruments include interest rate risk, credit risk and liquidity risk. The Group has no significant exposures to other financial risks except as disclosed below. Directors of the Company review and agree policies for managing each of these risks and they are summarised below:

(i) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows.

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to investments in debt securities within financial assets measured at FVTPL that carried at fixed interest rates.

The Group's interest rate profile and fair value interest rate risk exposure are summarised as follows:

	2020		2019	
	Effective interest rate	**HK$'000**	Effective interest rate	HK$'000
Financial assets carried at fixed interest rates				
Debt securities at FVTPL	**7.5%–13.75%**	**20,706**	7.78%–12%	4,691

If the interest rates had been increased/decreased by 50 basis points at the beginning of the year and all other variables were held constant, the Group's profit after income tax expenses and retained earnings would decrease/increase by approximately HK$104,000 (2019: HK$23,000). The assumed changes have no impact on the other components of equity.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to accounts receivable from securities margin financing services, cash at banks and advances from margin financing carried at floating interest rates. The Group's exposure to interest rate risk arising from the interest-bearing assets can be offset against the Group's interest-bearing liabilities. Management actively monitors the Group's net interest rate exposure through setting limits on the level of mismatch of interest rate re-pricing and duration gap and aims at maintaining an interest rate spread, such that the Group is always in a net interest-bearing asset position and derives net interest income. The directors considered that there is no significant concentration of interest rate risk exposure.

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(i) Interest rate risk (Continued)

Cash flow interest rate risk (Continued)

The Group's interest rate profile and cash flow interest rate risk exposure arises on positions with the following carrying values:

	2020 Effective interest rate	2020 HK$'000	2019 Effective interest rate	2019 HK$'000
Floating rate assets				
Accounts receivable from securities margin financing	**Prime rate + a spread**	**96,689**	Prime rate + a spread	1,714
Floating rate liabilities				
Advances from margin financing	**Prime rate + a spread**	**(8,282)**	N/A	–
Net exposure*		**88,407**		1,714

* The net exposure excluded cash at banks held on behalf of customers and cash at banks of the Group, which have limited fluctuation on interest rate over the year. In the opinion of the directors that the Group's exposure to cash flow interest rate risk on these financial assets is minimal. Accordingly, no sensitivity analysis is presented on these cash at banks.

Sensitivity analysis

If the interest rates had been increased/decreased by 50 basis points at the beginning of the year and all other variables were held constant, the Group's profit after income tax expenses and retained earnings would increase/decrease by approximately HK$362,000 for the year end 31 March 2020 (2019: HK$8,000). The assumed changes have no impact on the other components of equity.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve-month period.

The sensitivity analysis included in the consolidated financial statements for the year ended 31 March 2019 has been prepared on the same basis.

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(ii) Credit risk

The Group's maximum exposure to credit risk is the carrying amounts of investments in debt securities classified as financial assets at FVTPL, cash at banks, accounts receivable, other receivables and deposits. At the end of reporting period, the Group has a certain concentration of credit risk as 10% and 30% (2019: 9% and 36%) of the total accounts receivable was due from the Group's largest debtor and the five largest debtors, respectively.

For the Group's investments in debt securities, the investment team of the Group assess the financial performance of the holders and issuers to ensure that the holders and issuers can satisfy the repayment of the principal and interest as they fall due. The Group has set portfolio size and single issuer limits to control the Group's exposure to the credit risk. The Group also monitors the credit rating and market news of the issuers of respective debts securities.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at 31 March 2020, substantially all of the Group's cash at banks were deposited with major financial institutions in Hong Kong, which management believes are of high-credit-quality without significant credit risk.

The credit risk is primarily attributable to accounts receivable. In order to minimise the credit risk on margin financing and IPO financing, the credit committee is responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts and receivables from margin clients with shortfalls in relation to the Group's securities and financing services. In addition, the Group reviews the recoverable amount of each individual receivable at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

Accounts receivable

The Group applies the simplified approach to providing ECLs prescribed by HKFRS 9, which permits the use of simplified approach for accounts receivable from corporate advisory and other services; and general approach to measure ECLs on accounts receivable from securities margin financing services. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime ECLs. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition: Stage 1: 12-months ECLs, Stage 2: Lifetime ECLs — not credit-impaired and Stage 3: Lifetime ECLs — credit-impaired.

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(ii) Credit risk (Continued)

Accounts receivable (Continued)

As the accounts receivable from the clearing house, which the counterparty had high credit rating and is governed by regulators including the Hong Kong Monetary Authority and the Hong Kong Securities and Futures Commission, whereas the cash clients had sufficient cash held by the Group, the risk of default in repayment of these debtors are considered to be minimal by the directors and no ECLs provision were made for these debtors.

The ECLs on accounts receivable from corporate advisory and other services is estimated with reference to past default experience of the debtors and current market condition in relation to each debtor's exposure. The ECLs also incorporates forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle outstanding balances. To measure the ECLs, the accounts receivable have been grouped together with similar risk characteristics and the days past due according to the ageing analysis as disclosed in note 17 to the consolidated financial statements.

Expected loss rates of accounts receivable from corporate advisory and other services are assessed to be 0.61% to 28.87% (2019: 0.51% to 1.46%) due to impact of recent outbreak of Novel Coronavirus ("COVID-19") on the global business environment and increasing credit risk of customers. The provision is determined as follows:

As at 31 March 2020	**Less than 30 days HK$'000**	**31–90 days HK$'000**	**91–365 days HK$'000**	**Over 365 days HK$'000**	**Total HK$'000**
Expected loss rates	**0.61%**	**1.06%**	**5.60%**	**28.87%**	
Gross carrying amount	**8,733**	**4,390**	**18,035**	**3,216**	**34,374**
Loss allowance provision	**53**	**47**	**1,011**	**928**	**2,039**

As at 31 March 2019	Less than 30 days HK$'000	31–90 days HK$'000	91–365 days HK$'000	Over 365 days HK$'000	Total HK$'000
Expected loss rates	0.51%	0.51%	0.51%	1.46%	
Gross carrying amount	12,260	4,498	3,597	138	20,493
Loss allowance provision	62	23	18	2	105

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(ii) Credit risk (Continued)

Accounts receivable (Continued)

The Group provides clients with securities and financing services for securities transactions, which are secured by clients' securities or cash held as collateral. Each client has a maximum credit limit based on the quality of collateral held and the financial background of the client. Management 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 debts. The overdue outstanding balances for margin clients are reviewed daily, and force-sell action may be taken against clients with overdue outstanding balances on case by case basis.

Analysis of the gross carrying amount of accounts receivable from securities margin financing services is as follows:

	Stage 1 12-months ECLs HK$'000	Stage 2 Lifetime ECLs not credit-impaired HK$'000	Stage 3 Lifetime ECLs credit-impaired HK$'000	Total HK$'000
At 1 April 2018	568	–	–	568
New financial assets originated	1,724	–	–	1,724
Financial assets that have been derecognised	(568)	–	–	(568)
At 31 March 2019 and 1 April 2019	1,724	–	–	1,724
Financial assets that have been derecognised	(1,724)	–	–	(1,724)
Transfer to lifetime ECLs not credit-impaired	(4,348)	4,348	–	–
New financial assets originated	95,499	1,627	–	97,126
At 31 March 2020	91,151	5,975	–	97,126

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(ii) Credit risk (Continued)

Accounts receivable (Continued)

Movements in the allowances for impairment that has been recognised for securities margin financing services are as follows:

	Stage 1 12-months ECLs HK$'000	Stage 2 Lifetime ECLs not credit-impaired HK$'000	Stage 3 Lifetime ECLs credit-impaired HK$'000	Total HK$'000
At 1 April 2018	4	–	–	4
Transfer to lifetime ECLs not credit-impaired	–	–	–	–
Impairment loss charged to profit or loss	6	–	–	6
At 31 March 2019 and 1 April 2019	10	–	–	10
Transfer to lifetime ECLs not credit-impaired	(3)	3	–	–
Impairment loss charged to profit or loss	263	164	–	427
At 31 March 2020	270	167	–	437

As at 31 March 2020, the fair value of accounts receivable approximated their carrying amounts. The maximum exposure to credit risk at the reporting date was the carrying value of each class of receivables mentioned above.

Other receivables and deposits

As at 31 March 2020, the management of the Group takes into account the historical default experience and forward-looking information, as appropriate, for example the Group considers the consistently low historical default rates of counterparties, and concludes that credit risk inherent in the Group's outstanding other receivables and deposits is insignificant. The management of the Group has assessed that other receivables and deposits do not have a significant increase in credit risk since initial recognition and risk of default is insignificant, therefore the ECLs for these financial assets were immaterial under the 12-months ECLs method and no loss allowance provision was recognised during the reporting period (2019: nil).

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(iii) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long terms.

The following tables show the remaining contractual maturities at the end of reporting periods of the Group's non-derivative and derivative financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the reporting date) and the earliest date the Group can be required to settle the obligations.

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2020						
Accounts payable	**43,796**	**43,796**	**43,796**	**–**	**–**	**–**
Accruals and other payables	**86,630**	**86,630**	**86,630**	**–**	**–**	**–**
Lease liabilities	**8,763**	**9,148**	**6,816**	**2,332**	**–**	**–**
Other financial liabilities	**18,716**	**18,716**	**18,716**	**–**	**–**	**–**
	157,905	**158,290**	**155,958**	**2,332**	**–**	**–**
31 March 2019						
Accounts payable	19,984	19,984	19,984	–	–	–
Accruals and other payables	8,284	8,284	8,284	–	–	–
Other financial liabilities	8,426	8,426	8,426	–	–	–
	36,694	36,694	36,694	–	–	–

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(iv) Fair value and fair value hierarchy

(a) Financial instruments not measured at fair value

At 31 March 2020, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

The fair values of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of cash and bank balances, accounts receivable, other receivables and deposits, accounts payable, accruals and other payables, other financial liabilities and lease liabilities approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

(b) Financial instruments measured at fair value

HKFRS 13 introduced a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

The hierarchy groups financial assets and financial liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and financial liabilities. The fair value hierarchy has the following levels:

— Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

— Level 2: observable direct and indirect inputs other than quoted prices included within Level 1; and

— Level 3: unobservable inputs are inputs for which market data are not available.

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(iv) Fair value and fair value hierarchy (Continued)

The financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	At 31 March 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Assets				
Financial assets at fair value through profit or loss				
— Listed equity securities	**30,015**	**–**	**–**	**30,015**
— Listed debt securities	**–**	**20,706**	**–**	**20,706**
	30,015	**20,706**	**–**	**50,721**

	At 31 March 2019			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Financial assets at fair value through profit or loss				
— Listed equity securities	3,109	–	–	3,109
— Listed debt securities	4,691	–	–	4,691
	7,800	–	–	7,800

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(iv) Fair value and fair value hierarchy (Continued)

The level in the fair value hierarchy within which the financial assets are categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2019: Nil).

The methods and valuation techniques used for the purpose of measuring fair value are unchanged for the reporting period.

Information about level 1 fair value measurements

Financial instruments which value are based on quoted market prices in active markets, and are therefore classified within level 1, include listed shares denominated in HK$ (2019: listed shares and bonds denominated in HK$ and US$) classified as financial assets at FVTPL as at 31 March 2020.

A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Information about level 2 fair value measurements

Financial instruments that are not traded in active markets but are valued based on quoted market prices, dealer quotations or alternative pricing sources from brokers supported by observable inputs are classified within level 2. Level 2 instruments include listed debt securities denominated in US$ classified as financial assets at FVTPL as at 31 March 2020. As the securities were trade in markets that are not considered to be active, the valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(v) Offsetting financial assets and financial liabilities

The following tables present details of financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

	Financial assets subject to offsetting					
				Related amounts not offset in the consolidated statement of financial position		
	Gross amount of recognised financial assets HK$'000	Gross amount of recognised financial liabilities offset in the consolidated statement of financial position HK$'000	Net amount of financial assets presented in the consolidated statement of financial position HK$'000	Financial instruments other than cash collateral HK$'000	Collateral received HK$'000	Net amount HK$'000
At 31 March 2020						
Type of financial assets						
Accounts receivable from the clearing house	**12,932**	**(10,666)**	**2,266**	**–**	**–**	**2,266**
At 31 March 2019						
Type of financial assets						
Accounts receivable from the clearing house	1,086	(1,062)	24	–	–	24

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(v) Offsetting financial assets and financial liabilities (Continued)

	Financial liabilities subject to offsetting					
				Related amounts not offset in the consolidated statement of financial position		
	Gross amount of recognised financial liabilities HK$'000	Gross amount of recognised financial assets offset in the consolidated statement of financial position HK$'000	Net amount of financial liabilities presented in the consolidated statement of financial position HK$'000	Financial instruments other than cash collateral HK$'000	Collateral received HK$'000	Net amount HK$'000
At 31 March 2020						
Type of financial liabilities						
Accounts payable to the clearing house	**(10,666)**	**10,666**	**–**	**–**	**–**	**–**
At 31 March 2019						
Type of financial liabilities						
Accounts payable to the clearing house	(1,062)	1,062	–	–	–	–

31. FINANCIAL RISK MANAGEMENT (Continued)

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

(v) Offsetting financial assets and financial liabilities (Continued)

The tables below reconcile the amounts of accounts receivable and accounts payable as presented in the consolidated statement of financial position:

Accounts receivable	2020 HK$'000	2019 HK$'000
Net amount of accounts receivable from the clearing house	2,266	24
Accounts receivable not in the scope of offsetting disclosure	130,657	22,300
Accounts receivable as disclosed in the consolidated statement of financial position	132,923	22,324

Accounts payable	2020 HK$'000	2019 HK$'000
Net amount of accounts payable from the clearing house	–	–
Accounts payable not in the scope of offsetting disclosure	43,796	19,984
Accounts payable as disclosed in the consolidated statement of financial position	43,796	19,984

31. FINANCIAL RISK MANAGEMENT (Continued)

(c) Capital risk management

The Group's objectives of managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefits for other stakeholders, and

- to provide an adequate return to the shareholder by pricing services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends pay to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt.

As at 31 March 2020, the Group's total debt incurred (including advances from margin financing of approximately HK$8.3 million (2019: nil) and lease liabilities of approximately HK$8.8 million (2019: nil) as disclosed in notes 21 and 24, respectively) were approximately HK$17.0 million (2019: nil), representing a gearing ratio of approximately 9.8% (2019: nil). Gearing ratio is calculated based on total borrowings divided by the total equity as at the reporting date.

The Group is regulated by the Securities and Futures Commission and is required to comply with certain minimum liquid capital requirements according to the Securities and Futures Ordinance. Management monitors, on a daily basis, the Group's liquid capital to ensure they meet the minimum liquid capital requirements in accordance with the Securities and Futures (Financial Resources) Rules.

32. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group also had the following significant related party transactions during the reporting period:

(a) Compensation of key management personnel

Compensation of key management personnel of the Group, including directors' remuneration as disclosed in note 9(a) to the consolidated financial statements, is as follows:

	2020 **HK$'000**	2019 HK$'000
Directors' fees	**270**	–
Salaries, allowances and other benefits	**6,911**	7,273
Equity settled share-based payment expenses	**1,598**	219
Contributions to retirement benefits schemes	**72**	72
	8,851	7,564

32. RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions

Name of related parties	Nature of transactions	2020 HK$'000	2019 HK$'000
Mr. Mui	Brokerage and securities financing income	**74**	35
Certain directors of subsidiaries of the Group	Brokerage and other income	**3**	–
Ms. Poh Lai Yoke (note (i))	Brokerage and securities financing income	**–**	35
	Subscription of redeemable shares	**1,047**	8,426
Lego China Special Opportunities Fund SP (note (iv))	Brokerage and securities financing income	**27**	–
	Management fee income	**39**	–
Bountiful Sky Limited (note (ii))	Sales of asset	**–**	50
Lego Finance Limited (note (iii))	Management fee income	**30**	11

Notes:

(i) Ms. Poh Lai Yoke is the spouse of Mr. Choy Kwong Wa, Christopher, who is a director of a subsidiary of the Group.

(ii) Mr. Mui is the sole shareholder of Bountiful Sky Limited.

(iii) Lego Finance Limited is a wholly-owned subsidiary of LFGL.

(iv) Lego China Special Opportunities Fund SP is a fund under management of the Group, and thus a related party of the Company.

(v) The above transactions with the related parties were negotiated and carried out in the ordinary course of business and at terms agreed between the Group and the related parties.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Investment in subsidiaries	34	**4,620**	–
Current assets			
Other receivables		**–**	690
Amounts due from subsidiaries		**104,457**	–
Cash and bank balances		**12,324**	–
		116,781	690
Current liabilities			
Amounts due to subsidiaries		**–**	2,603
Accruals and other payables		**1,422**	432
		1,422	3,035
Net current assets/(liabilities)		**115,359**	(2,345)
Net assets/(liabilities)		**119,979**	(2,345)
Equity			
Share capital	25	**4,060**	390
Share premium	25	**112,485**	–
Reserves	26	**3,434**	(2,735)
Total equity		**119,979**	(2,345)

On behalf of the directors

Mui Ho Cheung Gary
Director

Ng Siu Hin Stanley
Director

34. PARTICULAR OF SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group as at 31 March 2020. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of incorporation	Principal activities and place of operation	Issued share capital	Percentage of equity attributable to the Company Directly	Percentage of equity attributable to the Company Indirectly
Lego Investment Holdings	British Virgin Islands 15 March 2018	Investment holding	US$1,024	100%	–
Lego Corporate Finance Limited	Hong Kong 30 July 2015	Provision of corporate finance advisory services in Hong Kong	HK$10,200,000	–	100%
Lego Securities Limited	Hong Kong 27 June 2016	Provision of brokerage, underwriting and securities margin financing services in Hong Kong	HK$101,500,000	–	100%
Lego Asset Management Limited	Hong Kong 6 April 2017	Provision of asset management services in Hong Kong	HK$4,000,000	–	100%
Lego Asset Management (Cayman) Limited	Cayman Islands 12 February 2019	Provision of asset management services in the Cayman Islands	US$1	–	100%
Lego Funds SPC Limited	Cayman Islands 14 February 2019	Provision of mutual fund business in the Cayman Islands	US$100*	–	100%

* Being management shares held by the Group.

34. PARTICULAR OF SUBSIDIARIES (Continued)

In addition, the following segregated portfolio is also a consolidated investment for the purpose of Appendix 16 of the Listing Rules. The consolidated investment is not a body corporate and therefore does not have any paid-up register capital.

Name of investment fund	Place of registration and operation and date of initial subscription	Principal activity	Net assets attributable to holders of redeemable participating shares	Percentage of equity attributable to the Company Directly	Percentage of equity attributable to the Company Indirectly
Lego Vision Fund SP (a segregated portfolio of Lego Funds SPC Limited)	Cayman Islands 28 March 2019	Fund Investment	US$5,162,610	–	53.5%

35. CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities (2019: nil).

36. SUBSEQUENT EVENTS

Since the outbreak of COVID-19 infection in early 2020, the Group has paid close attention to the development of COVID-19 infection and evaluated its impact on the financial position and operating results of the Group. Pending development of COVID-19 pandemic, the Group's financial and operating performance may be affected, the extent to which cannot be estimated as at the date of this report. Save as disclosed above, there is no significant subsequent events after the year ended 31 March 2020.

37. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorised for issue by the directors on 24 June 2020.