Termbray Industries International (Holdings) Limited

Stock Code: 0093

ANNUAL REPORT 2019/2020

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Lee Lap, Chairman
Mr. Tommy Lee, Vice Chairman & Chief Executive Officer
Mdm. Leung Lai Ping (resigned on 13 September 2019)
Mr. Wong Shiu Kee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo Yiu Hee
Mr. Tong Hin Wor
Mr. Ching Yu Lung

NON-EXECUTIVE DIRECTOR

Mr. Lee Ka Sze, Carmelo (retired on 13 September 2019)

COMPANY SECRETARY

Mr. Lo Tai On

AUDIT COMMITTEE

Mr. Lo Yiu Hee
Mr. Tong Hin Wor
Mr. Ching Yu Lung
Mr. Lee Ka Sze, Carmelo (retired on 13 September 2019)

REMUNERATION COMMITTEE

Mr. Lo Yiu Hee
Mr. Lee Lap
Mr. Tong Hin Wor

NOMINATION COMMITTEE

Mr. Lee Lap
Mr. Lo Yiu Hee
Mr. Tong Hin Wor

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Flat B, 8/F, Waylee Industrial Centre
30-38 Tsuen King Circuit,
Tsuen Wan, New Territories, Hong Kong
Telephone : (852) 2487 5211
Facsimile: (852) 2480 4214
E-mail: group@termbray.com.hk
Website: www.termbray.com.hk

HONG KONG REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone: (852) 2980 1768
Facsimile: (852) 2528 3158

LISTING INFORMATION

The listing code of the Company's shares on The Stock Exchange of Hong Kong Limited
00093

PRINCIPAL BANKER

The Hongkong & Shanghai Banking Corporation Limited
Hang Seng Bank Limited

LEGAL ADVISORS IN HONG KONG

Woo Kwan Lee & Lo

AUDITOR

Deloitte Touche Tohmatsu (resigned on 3 March 2020)
PricewaterhouseCoopers (appointed on 4 March 2020)

CHAIRMAN'S STATEMENT

LEE LAP
Chairman

CHAIRMAN'S STATEMENT

RESULTS

I report to shareholders the results of Termbray Industries International (Holdings) Limited (the "Company") and its subsidiaries (together "the Group") for the financial year ended 31 March 2020. The Group recorded a loss for the year of HK$26,983,000 compared with a loss for the year of HK$19,880,000 recorded in last year.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30 September 2019 (2018: Nil).

The board of directors (the "Board") does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company ("2020 AGM") is scheduled to be held on Friday, 11 September 2020. For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 7 September 2020 to Friday, 11 September 2020 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of 2020 AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4 September 2020.

REVIEW OF OPERATIONS

Property investment and Development

The operating environment for the Group's property investment and development business is fair during the year under review.

The Group's completed properties for sale – Ever Success Plaza, comprising of over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition of the property market in Zhongshan is keen. There are abundant supplies of properties with modern design. The commercial arcades is still vacant. The management has put a lot of effort in marketing the properties and is endeavouring to improve the operation of the commercial arcades.

CHAIRMAN'S STATEMENT

Due to the construction of Shenzhen-Zhongshan sea-crossing bridge connecting the cities of Shenzhen and Zhongshan, the sales of residential properties in Zhongshan market was stimulated in recent years. Comparing with the last corresponding year, the sale activities of the Group's property project in Zhongshan for the remaining residential units is not satisfactory during the current year under review. Facing the overheated environment of the property market in the People's Republic of China ("PRC"), the Central government has laid down a series of regulations and rules to restrict the selling price of residential properties and the qualifications of buyers to purchase residential properties. In Zhongshan, all sale and purchase agreements entered into during the year under review have to be approved by the relevant government authorities before they can be registered in the government's property sales system. During the year under review, the Group have entered into 8 sale and purchase agreements, and out of which, 5 sale transactions are approved and registered in the government's property sale system. The Group has recognized the sale of 5 residential units during the year under review (year ended 31/3/2019: 28 units). Following the increase in sales of residential units, the number of residential units which are available for earning rental income is decreased during the year. The rental income earned by the Group from Ever Success Plaza during the year decreased by approximately 47% from that of last corresponding year. As at 31 March 2020, 61 residential units remained to be sold, out of which 16 residential units were let out.

Money lending

On 1 August 2018, the Group acquired 100% shareholding in X8 Finance Limited ("X8 Finance") from Mr. Lee Lap, a director of the Company and settlor of the Lee & Leung Family Trust. X8 Finance holds a money lending license in Hong Kong. After acquisition, X8 Finance has commenced the property mortgage money lending business in Hong Kong.

During the year, the money lending business has achieved satisfactory and healthy growth. But the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020 has an unpredictable impact on the economy and property market of Hong Kong, and it will affect the business of X8 Finance.

The management will cautiously carry out the money lending business in Hong Kong. At this moment, X8 Finance will only consider first mortgage loans for residential properties in Hong Kong. The management will carefully assessed the credit worthiness of the borrowers, the quality and levering of the mortgaged properties.

We are looking forward to earning stable interest income to the Group.

CHAIRMAN'S STATEMENT

OUTLOOK

China and United States ("US") are experiencing various challenges after the global economic crisis. All of the factors including debit crisis in Europe, the fluctuation in oil price and Renminbi currency, the progress of change in US interest rate, the trade conflicts between China and US, and the COVID-19 outbreak in early 2020 have an unpredictable impact on the global economy. In China, Central government has implemented various tightening monetary policies to cool down the overheated property market. We believe China will continue to play a key role in the future global economy. The Group is confident in capitalising on these opportunities and will grasp every business opportunities available to build up its own distinctive strength and to explore new businesses in China.

Property investment and development has been the principal business of the Group for all these years and the Group is looking for investment opportunities in the property markets in the PRC, especially Guangdong province. However, due to the intense competition of the property market in Guangdong province, the Group has not yet acquired any land or properties during the year under review, but the Group will still continue to explore the investment opportunities in the property markets.

From late January 2020, the COVID-19 outbreak was rapidly evolving globally. Since then, the economic and financial markets have been significantly impacted. The Group applies the fair value model and revaluation model to measure its investment property and leasehold land and buildings respectively. Due to uncertainties of new developments regarding the COVID-19 outbreak, management expects that fair value may be subject to fluctuation subsequent to year end. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the Group's financial position and operation results.

The Group will cautiously operate its property investment and development business and money lending business. The Group will continue to explore investment opportunities which will result in a steady growth in the Group's long term performance. The Group will cautiously explore the money lending business in Hong Kong. The Group will reinforce our risk management policy and will proactive in adopting timely measures to balance its risk and return in the long run. On the other hand, there exists some underlying risk factors such as oil and commodity price volatility, interest rate movements, the recovery progress of the global economy after the various events and natural disasters which cannot be ignored. The Group remains cautiously optimistic about the year ahead in respect of its business and has the confidence to strengthen its competitiveness and to build value for our shareholders.

Lee Lap
Chairman
19 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the current year under review, the Group achieved a revenue of HK$14,869,000 and recorded a loss for the year of HK$26,983,000, compared with a revenue of HK$30,594,000 and loss for the year of HK$19,880,000 recorded in last year.

The loss for the current year ended 31 March 2020 is primarily due to the recognition of foreign exchange loss arising from the devaluation of the Renminbi currency by approximately 6.6% during the year ended 31 March 2020 and the recognition of fair value loss of HK$7 million on an investment property.

REVENUE

Disaggregation of revenue from contracts with customers

	2020 HK$'000	2019 HK$'000
Sale of properties in the PRC (Note)	4,264	24,673
Rental income (under HKAS 17)	3,776	4,199
Interest income from money lending business (under HKFRS 9)	6,829	1,722
	14,869	30,594

Note: Revenue from sales of properties is recognised at a point in time. All sale of properties are entered in a contract that has an original expected completion of one year or less.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision maker ("CODM") that are used to making strategic decisions. The CODM is identified as the Executive Directors of the Company.

During the year ended 31 March 2020, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

Property development and investment – Property development for sale of properties in the PRC and property investment for letting of properties in Hong Kong and the PRC.

Money lending – Provide mortgage loan financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

The segment results and other segment items are as follows:

	Property development and investment HK$'000	Money lending HK$'000	Total HK$'000
For the year ended 31 March 2020			
Revenue	8,040	6,829	14,869
Segment results	(11,748)	4,661	(7,087)
Unallocated other income			620
Unallocated other losses, net			(3,227)
Unallocated expenses			(14,928)
Loss before income tax			(24,622)

MANAGEMENT DISCUSSION AND ANALYSIS

	Property development and investment HK$'000	Money lending HK$'000	Total HK$'000
For the year ended 31 March 2019			
Revenue	28,872	1,722	30,594
Segment results	7,242	454	7,696
Unallocated other income			873
Unallocated other losses, net			(3,247)
Unallocated expenses			(16,830)
Loss before income tax			(11,508)

For the years ended 31 March 2020 and 2019, unallocated expenses and unallocated other gains and losses represent corporate expenses and unrealized net exchange losses, respectively. Segment results represent the loss before income tax earned by each segment without allocation of certain other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue from external customers is presented based on location where the goods are delivered and services are rendered:

	Revenue from external customers	
	2020	2019
	HK$'000	HK$'000
Hong Kong	**8,781**	3,678
The PRC	**6,088**	26,916
	14,869	30,594

A more detailed analysis of the Group's segment information is set out in note 5 to the consolidated financial statements.

RETURN ON CAPITAL EMPLOYED

The Group's aim is to increase shareholders' value. The extent to which this goal has been achieved is assessed by computing Return on Capital Employed ("ROCE") over the year and comparing this measure from one year to the next, as it is a measure of how well the money invested in the business is providing a return to investors.

ROCE measures the operating result as a percentage of the average total capital employed (invested) in the business over the year. The Group uses "Earnings before interest, tax, depreciation and amortization" as a measure of operating result for this purpose. The Group considers its "capital" to comprise equity plus non-current debt financing. Figures from the consolidated financial statements of the Group are used to calculate the ROCE.

	Year ended 31/3/2020 HK$'000	Year ended 31/3/2019 HK$'000
Operating result for calculation of ROCE		
Loss before taxation	**(24,622)**	(11,508)
Add: interest expense, depreciation and amortization charges	**6,395**	5,801
	(18,227)	(5,707)
Capital employed		
Equities	**908,360**	943,909
Add: non-current debt financing	**–**	–
	908,360	943,909
Average capital employed		
(Opening capital employed + closing capital employed)/ 2	**926,135**	950,450
Consolidated ROCE%	**-1.97%**	-0.60%

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

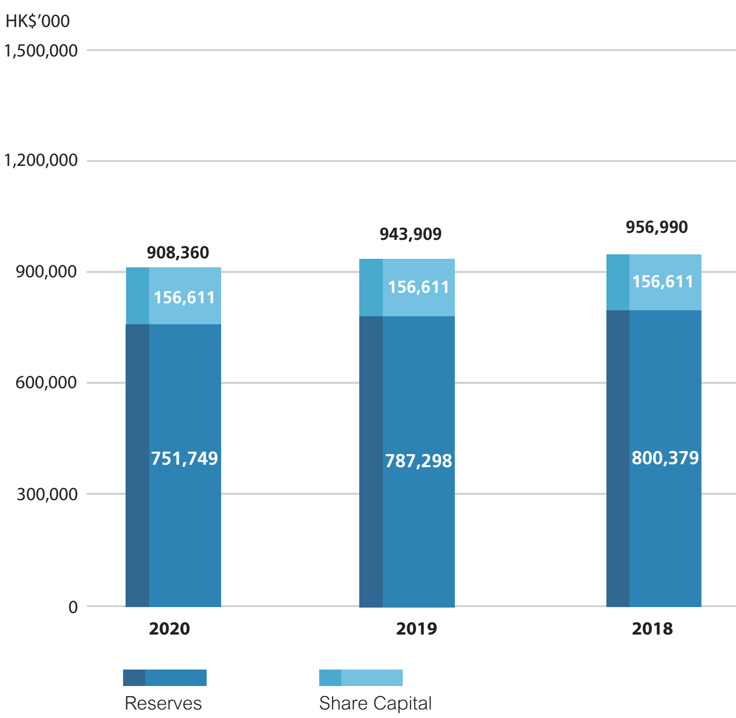
As at 31 March 2020, the Group remains cash-rich and no material capital expenditure commitments. The operations are financed by capital and reserves.

Bank balances and cash amounted to approximately HK$188 million and accounted for approximately 71% of total current assets.

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi. No financial instrument is arranged for hedging purposes in respect of interest rate and currency.

CAPITAL STRUCTURE

As at 31 March 2020, the Group's operations were financed by capital and reserves.



ORDER BOOK

Due to its business nature, the Group has no order book at 31 March 2020. The Group has no new product and services to be introduced to the market.

ENVIRONMENTAL POLICIES AND PERFORMANCE

With regard to the environmental policies, the Group aims to minimize the Group's environmental impact. The Group have adopted various environmental protection measures for energy efficiency, carbon reduction and to improve efficiency of water usage. These measures are regularly reviewed and results are closely monitored.

A report containing the prescribed information of environmental, social and governance matters will be published within 3 months after the publication of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the year, as far as the Directors are aware, there was no material non-compliance with applicable laws and regulations by the Group that has a significant impact on the Group's business and operations.

RELATIONSHIP WITH MAJOR CUSTOMERS AND SUPPLIERS

The Group understand the importance of maintaining good relationship with its customers and suppliers to met its immediate and long term goals.

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 13.1% and 40.4% respectively of the Group's revenue for the year. The five largest suppliers of the Group accounted for less than 30% of the Group's total purchases for the year.

During the year, the Group has not made any purchases other than incurring rental outgoings and overhead expenses.

Save as the connected transactions disclosed in pages 25 to 26 of this report, none of the Company's directors, their associates or any shareholders of the Company (who to the best of knowledge of the Company's directors owned more than 5% of the Company's issued shares) had a beneficial interest in any of the Group's five largest customers and the five largest suppliers.

The Group have good relationship with its customers and suppliers. During the year ended 31 March 2020, there was no significant dispute between the Group and its suppliers and/or customers.

RELATIONSHIP WITH STAFF AND EMOLUMENT POLICY

One of most important resource of the Group is employees. It is the Group's policy to comply with all applicable laws and regulations, including those concerning employment, compensation, minimum wages, occupational safety and privacy. The Group strictly prohibit discrimination or harassment against any employee because of the individual's race, religion, gender, age, or any status protected by law. The Group also value good conduct of employees and has set out clear guidelines to prevent bribery and to regulate the acceptance of benefits by the employees.

As at 31 March 2020, the Group employed 38 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence. The emoluments of the directors are reviewed by the remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director, or any of his associates, and executive is involved in dealing his own remuneration.

DIRECTORS' REPORT

The Board of the Company present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries during the year were property development and investment and property mortgage money lending business in Hong Kong.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement on pages 3 to 6 and the Management Discussion and Analysis set out on pages 7 to 14 of this annual report. This discussion forms part of this Directors' Report.

Besides, details of financial risk management of the Group are set out in note 3 to the consolidated financial statements on pages 79 to 93. There may be other risks and uncertainties in addition to those mentioned above which are not known to the Group or which may not be material now but could turn out to be material in future.

RESULTS

The results of the Group for the year ended 31 March 2020 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 51 to 134.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30 September 2019 (2018: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

CLOSURE OF REGISTER OF MEMBERS

The 2020 AGM is scheduled to be held on Friday, 11 September 2020. For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 7 September 2020 to Friday, 11 September 2020 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of 2020 AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4 September 2020.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 26 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

Details of the movements in the property, plant and equipment and investment property of the Group during the year are set out in note 14 and note 15 to the consolidated financial statements respectively.

MAJOR PROPERTIES

Particulars of the Group's major completed properties for sale are set out on page 135.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 54.

DONATIONS

During the year, the Group had not made any charitable and other donations (2019: Nil).

FIVE YEAR FINANCIAL SUMMARY

A five year financial summary of the Group is set out on pages 136 to 138.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 March 2020 were as follows:

	HK$'000
Contributed surplus	191,810
Retained profits	175,426
	367,236

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issue share capital and share premium account.

DIRECTORS

The directors of the Company during the financial year and up to the date of this report were:

Executive Directors

Mr. Lee Lap
Mr. Tommy Lee
Mdm. Leung Lai Ping (resigned on 13 September 2019)
Mr. Wong Shiu Kee

DIRECTORS' REPORT

Independent Non-Executive Directors

Mr. Lo Yiu Hee
Mr. Tong Hin Wor
Mr. Ching Yu Lung

Non-Executive Director

Mr. Lee Ka Sze, Carmelo (retired on 13 September 2019)

Mr. Lo Yiu Hee and Mr. Ching Yu Lung, being the director longest in office since their last re-election, shall retire by rotation in accordance with the Company's Bye-law 99(A). All retiring directors, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company pursuant to paragraph 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers that each of the independent non-executive directors is independent to the Company.

DIRECTORS' SERVICE CONTRACTS

Mr. Lee Lap and Mdm. Leung Lai Ping have respectively a service contract with the Company for service as executive director which is terminable by either party giving to the other party not less than six months' prior notice in writing. Mdm. Leung Lai Ping has resigned as executive director on 13 September 2019.

Mr. Tommy Lee and Mr. Wong Shiu Kee have respectively a service contract with the Company for service as executive director which is terminable by either party giving to the other party not less than three months' prior notice in writing.

Mr. Lo Yiu Hee and Mr. Tong Hin Wor, the independent non-executive directors, and Mr. Lee Ka Sze, Carmelo, the non-executive director, have respectively entered into an appointment letter with the Company for service as an independent non-executive director or non-executive director for a term of 2 years from 1 January 2019 to 31 December, 2020, which appointment shall terminate on the earlier of (i) 31 December 2020; or (ii) the date on which the director concerned ceases to be an independent non-executive director or non-executive director pursuant to the Bye-laws or any other applicable laws. Mr. Lee Ka Sze, Carmelo has retired as non-executive director on 13 September 2019.

Mr. Ching Yu Lung, the independent non-executive director, has entered into an appointment letter with the Company for service as an independent non-executive director from 10 November 2018 to 31 December 2020, which appointment shall terminate on the earlier of (i) 31 December 2020; or (ii) the date on which the director concerned ceases to be an independent non-executive director pursuant to the Bye-laws or any other applicable laws.

Other than the aforesaid, none of the directors had any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive Directors

Mr. Lee Lap, aged 77, is the Chairman of the Company and he is also a member of the remuneration committee and the Chairman of the nomination committee of the Board of the Company. He is the founder of the Group and has been actively involved in the printed circuit board and electronics industry in Hong Kong since 1968. Mr. Lee is responsible for overall policy and decision making and business development of the Group. Mr. Lee is an honorary citizen of Zhongshan, Shenzhen and Guangzhou in PRC.

Mr. Tommy Lee, aged 43, is the Vice Chairman and Chief Executive Officer of the Company since 2008 and 2010 respectively. He is the son of Mr. Lee Lap and Mdm. Leung Lai Ping. He studied Economics in the Seneca College in Canada. Mr. Lee had been the Vice President of a private company which is principally engaged in the manufacture and sale of printed circuit board and he was responsible for the overall management and strategic planning of the private company. He is a non-executive director of Petro-king Oilfield Services Limited, which is listed on the Stock Exchange and a director of Guangdong Ellington Electronics Technology Company Limited, which is listed on the Shanghai Stock Exchange.

Mr. Wong Shiu Kee, aged 56, is the Finance Director of the Company. He first joined the Company in 1991 and rejoined the Company in 2000. With over 20 years of experience in financial management, he is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and is also a qualified Chartered Secretary designated as ACIS and ACS. He is a director of Guangdong Ellington Electronics Technology Company Limited, which is listed on the Shanghai Stock Exchange.

DIRECTORS' REPORT

Independent Non-executive Directors

Mr. Lo Yiu Hee, aged 62, was appointed as independent non-executive director in 2004 and is the Chairman of the audit committee and the remuneration committee and a member of the nomination committee of the Board of the Company. He holds bachelor and master degrees in business administration from the Chinese University of Hong Kong. Mr. Lo is a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Lo has over 20 years of experience in finance and accounting in various listed companies. He was the Vice President of CPA Australia, Hong Kong China Division for 2000/01 and 2003/04, and councilor from 1997 to 2006 and a member of the Disciplinary Panel of CPA Australia from 2009 to 2014. He is presently the chief financial officer of an apparel manufacturing company.

Mr. Tong Hin Wor, aged 75, was appointed as independent non-executive director in 2008 and is a member of the audit committee, the remuneration committee and the nomination committee of the Board of the Company. He holds a diploma in management studies from Hong Kong Polytechnic University. Mr. Tong has over 30 years of working experience in financial management. Mr. Tong was the financial controller of Termbray Electronics Company Limited in 1991. He was the financial controller of Karrie Industrial Company Limited, a company principally engaged in electronics and sheet metal manufacturing in 1993, the Group controller of Elec & Eltek (International) Limited in 1995 and the Group vice president of Elec & Eltek Corporate Services Limited from 1995 to 2004. Mr. Tong is an independent non-executive director of Petro-king Oilfield Services Limited which is listed on the Stock Exchange.

Mr. Ching Yu Lung, aged 50, was appointed as independent non-executive director in November 2016 and is a member of the audit committee of the Board of the Company. He has more than 26 years of experience in auditing, corporate finance and accounting. Mr. Ching is currently the chief finance officer of a listed company on the Stock Exchange. He obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and executive master degree in business administration from Tsinghua University in 1992 and 2006, respectively. Mr. Ching is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants. Mr. Ching is an independent non-executive director of Hopson Development Holdings Limited, Ngai Hing Hong Company Limited, Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited) and AMVIG Holdings Limited which are listed on the Stock Exchange.

SENIOR MANAGEMENT

The directors are closely involved in and are directly responsible for all activities of the Group. The Board considers that only the above-mentioned executive directors are regarded as members of the Group's senior management.

EMOLUMENTS OF DIRECTORS AND SENIOR EMPLOYEES

Details of the emoluments of directors and senior employees are set out in note 36 to the consolidated financial statements.

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The interests of the Company's directors, chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as at 31 March 2020 as recorded in the register maintained by he Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or otherwise notified pursuant to Divisions 7 to 9 of Part XV of the SFO, were as follows:

(A) Long Positions in Shares of the Company

Name of director	Number of Shares					Percentage of total issued shares
	Personal interest	Family interest	Corporate interest	Other interest	Total	
Mr. Lee Lap	–	–	–	1,252,752,780 (note)	1,252,752,780	63.99%
Mr. Tommy Lee	–	–	–	1,252,752,780 (note)	1,252,752,780	63.99%

Note:

The 1,252,752,780 shares included under the other interest of Mr. Lee Lap and Mr. Tommy Lee are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of the Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.

DIRECTORS' REPORT

(B) Long Positions in Shares of Other Associated Corporations

Name of director	Name of subsidiary	Number of non-voting deferred shares held (Note) Personal Interest	Spouse interest	Total	% of total issued non-voting deferred shares
Mr. Lee Lap	Applied Industrial Company Limited	1,000	1,500	2,500	100%
	Lee Plastics Manufacturing Company Limited	250,000	250,000	500,000	100%
	Magnetic Electronics Limited	5,000	–	5,000	100%
	Termbray Electronics Company Limited	7,000	3,000	10,000	100%

Note: All the above non-voting deferred shares are held by the director or his spouse personally as beneficial owner.

Saved as disclosed above, as at 31 March 2020, none of the directors or chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO.

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS’ INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the year, the Group had entered into transactions with Panda Investment Company Limited (“Panda Investment”), which are described in note 34 to the consolidated financial statements. Mr. Lee Lap and Mdm. Leung Lai Ping (resigned on 13 September 2019) have beneficial interests in Panda Investment.

During the year, the Group’s property has been leased to Mr. Lee Wing Keung, the son of Mr. Lee Lap, details of which are disclosed in the section headed “Connected Transactions”.

Save as aforementioned, no other transactions, arrangements or contracts of significance in relation to the Group’s business to which the Company, its holding company or any of its subsidiaries was a party of subsisted at the end of the year or any time during the year.

DIRECTORS’ INTEREST IN COMPETING BUSINESS

Pursuant to paragraph 8.10 of the Listing Rules, the Company discloses that Mr. Lee Lap and Mdm. Leung Lai Ping (resigned on 13 September 2019) are interested in companies engaged in property investment and development in Mainland China and Hong Kong and Mr. Tommy Lee is interested in companies engaged in money lending business in Hong Kong (“Competing Businesses”).

The Board of the Company has continuously monitored to identify conflict of interest (if any) due to the interests of Mr. Lee Lap, Mdm. Leung Lai Ping (resigned on 13 September 2019) and Mr. Tommy Lee respectively. If conflict of interest arises, Mr. Lee Lap, Mdm. Leung Lai Ping (resigned on 13 September 2019) or Mr. Tommy Lee (as the case may be) will abstain from participating in making any decision. The Company is therefore capable of carrying on its business independently of, and at arm’s length from the Competing Businesses.

MANAGEMENT CONTRACTS

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

SUBSTANTIAL SHAREHOLDERS

The person (other than the directors as disclosed in the "Directors' interest in Shares and Options") interested in 5% or more of the issued share capital of the Company as at 31 March 2020 as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

Ordinary Share of the Company

Name of shareholders	Capacity	Number of issued ordinary shares of HK$0.08 each held	Percentage of the issued share capital of the Company
Lee & Leung (B.V.I.) Limited (note 1)	Beneficial owner	1,252,752,780	63.99%
Lee & Leung Family Investment Limited (note 1)	Held by controlled corporation	1,252,752,780	63.99%
HSBC International Trustee Limited (note 1)	Held by controlled corporation as trustee for Lee & Leung Family Trust	1,252,752,780	63.99%
Cosmo Telecommunication Inc. (note 2)	Beneficial owner	151,202,960	7.72%
Ms. Jing Xiao Ju	Held by controlled corporation	151,202,960	7.72%
East Glory Trading Limited (note 3)	Beneficial owner	103,397,540	5.28%
Master Winner Limited (note 3)	Held by controlled corporation	103,397,540	5.28%
Mr. Yuan Qinghua	Held by controlled corporation	103,397,540	5.28%

Notes:

(1) The 1,252,752,780 shares are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly owned by Lee & Leung Family Investment Limited, which is wholly owned by HSBC International Trustee Limited as trustee for Lee & Leung Family Trust. Mr. Lee Lap is the settlor of Lee & Leung Family Trust. The discretionary beneficiaries of Lee & Leung Family Trust are the spouse and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.

(2) Cosmo Telecommunication Inc. is a wholly owned by Ms. Jing Xiao Ju.

(3) East Glory Trading Limited is wholly owned by Master Winner Limited, which in turn is wholly owned by Mr. Yuan Qinghua.

Saved as disclosed above, the Company has not been notified of any other interests or short positions in the shares or the underlying shares of the Company representing 5% or more of the issued share capital of the Company as at 31 March 2020.

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, the Company discloses the following continuing connected transactions entered into during the year:

On 20 February 2017, Termbray (Fujian) Land Development Company Limited ("Termbray Fujian"), a wholly owned subsidiary of the Company, as lessor and Mr. Lee Wing Keung as lessee entered a lease agreement, pursuant to which the lessee will lease a residential property in the Hong Kong Island with a gross floor area of approximately 334 square metres from the lessor for a term of three years from 16 March 2017 to 15 March 2020 at a monthly rent of HK$163,000 (exclusive of rates, management fees and utility charges) ("Existing Tenancy Agreement"). The monthly rent is based on a valuation report as at 31 January 2017 issued by Vigers Appraisal & Consulting Limited.

On 4 March 2020, Termbray Fujian as lessor and Mr. Lee Wing Keung as a lessee renewed the Existing Tenancy Agreement for a term of three years from 16 March 2020 to 15 March 2023 at a monthly rent of HK$155,000 (exclusively of rates, management fees and utility charges) ("2020 Tenancy Agreement"). The monthly rent is based on a valuation report as at 31 January 2020 issued by Vigers Appraisal & Consulting Limited.

The rental income earned by the Group during the current year from the Existing Tenancy Agreement is HK$1,872,000 (2019: HK$1,956,000) and from the 2020 Tenancy Agreement is HK$80,000. Mr. Lee Wing Keung is the son of Mr. Lee Lap (an executive Director and the Chairman of the Company) and is also the brother of Mr. Tommy Lee (an executive Director, the Vice Chairman and Chief Executive Officer of the Company) and, as such, is an associate of Mr. Lee Lap and Mr. Tommy Lee respectively and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the above lease agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The independent non-executive directors of the Company have reviewed the above transactions under both the Existing Tenancy Agreement and the 2020 Tenancy Agreement and opined that the connected transactions have been entered into:

(i) in the ordinary and usual course of business of the Company,

(ii) on normal commercial terms, and

(iii) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Review of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Pursuant to the Rule 14A.56 of the Listing Rules, the auditor has issued a letter to the Board of the Company that nothing has come to their attention that causes them to believe that the continuing connected transactions disclosed by the Group:

(a) has not been approved by the Board;

(b) has not, in all material respects, in accordance with the pricing policies of the Company;

(c) has not entered into, in all material respects, in accordance with the relevant agreement governing such transaction; and

(d) has exceeded the cap.

PROVIDENT FUND SCHEME

The Group has a mandatory provident fund scheme ("MPF Scheme") managed by a banking group. All staff employed in Hong Kong joined the MPF Scheme. The MPF Scheme is a defined contribution scheme and the assets of which are held separately from those of the Group in independently administered funds. Both of the employer and the employee are required to make mandatory contributions to the MPF Scheme calculated at 5% of the employee's monthly relevant income, subject to the rules and regulations of the Mandatory Provident Fund Schemes Ordinance. As at 31 March 2020, the Group had no forfeited contributions (2019: Nil) available to offset future employers' contributions to the MPF Scheme.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The subsidiary is required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefit scheme is to make the specified contributions.

The contribution made by the Group charged to the income statement in respect of the year are as follows:

	2020	2019
	HK$	HK$'000
Gross employer's contributions	**268**	291
Less: Forfeited contributions	**–**	–
Net contributions	**268**	291

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its directors, as of the date of this report, there is sufficient public float of the shares of the Company with not less than 25% of the total issued shares of the Company as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no statutory restrictions against such rights under the laws in Bermuda.

PERMITTED INDEMNITY

The Company's Bye-laws provided that the directors for the time being of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own willful neglect or default, fraud or dishonesty respectively.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Company.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year ended 31 March 2020.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITOR

The financial statements for the two years ended 31 March 2018 and 31 March 2019 were audited by Messrs. Deloitte Touche Tohmatsu. The financial statements for the year ended 31 March 2020 were audited by PricewaterhouseCoopers.

A resolution to re-appoint PricewaterhouseCoopers as auditors of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board
Termbray Industries International (Holdings) Limited

Lee Lap
Chairman
19 June 2020

CORPORATE GOVERNANCE REPORT

The Company are committed to maintaining a high standard of corporate governance and firmly believe that to maintain a good, solid and sensible framework of corporate governance will ensure the Company to run its business in the best interests of its shareholders as a whole.

The Company adopted all the code provisions in the Corporate Governance Code ("the Code") contained in Appendix 14 of the Listing Rules as its own code on corporate governance practices.

The Company has complied with the Code during the year ended 31 March 2020 save as disclosed below.

Pursuant to code provision A.4.2. of the Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company is subject to a private act called "The Termbray Industries International (Holdings) Limited Act 1991". Section 4(g) of the said Act provides that: "Notwithstanding anything contained in the Companies Act or rule of law to the contrary, the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any chairman or managing director) be subject to retirement by rotation in such manner and at such frequency as the bye-laws may provide." Accordingly, the chairman and managing director of the Company may not be made subject to retirement by rotation. The Company has amended its Bye-laws to provide that every director of the Company, other than directors holding the office of chairman or managing director shall be subject to retirement by rotation at least once every 3 years, while directors holding the office of chairman or managing director shall be subject to re-election once every 3 years.

BOARD OF DIRECTORS

The Board is charged with leading the Group in a responsible and effective manner. Each director has to carry out his/her duties in utmost good faith above and beyond any prevailing applicable laws and regulations and act in the best interests of the shareholders. The duties of the Board include establishing the strategic direction of the Group, setting objectives and monitoring the performance of the Group.

The Board has established schedule of matters specifically reserved to the Board for its decision and those reserved for the management. The Board reviews this schedule on a periodic basis to ensure that it remains appropriate to the needs of the Company.

The Board of the Company currently consists of 3 executive directors and 3 independent non-executive directors. The brief biographical details of the existing directors are described on pages 19 and 20 of the annual report. Saved as disclosed therein, there are no other business, financial, family and other relevant interests among directors.

On 13 September 2019, Mdm. Leung Lai Ping resigned as executive director and Mr. Lee Ka Sze, Carmelo retired as non-executive director.

The Chairman and the chief executive officer have different roles. The Chairman is responsible for the operation of the Board and the chief executive officer is responsible for managing the operations of the Group. Their functions have been clearly divided to ensure a balanced distribution of power and authority not concentrating on a single individual.

The independent non-executive directors, all of whom are independent of the management of the Company, are highly experienced professionals coming from a diversified industrial background. They ensure that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate check and balance to safeguard the interest of shareholders and the Company as a whole.

Mr. Lo Yiu Hee and Mr. Tong Hin Wor, the independent non-executive directors, and Mr. Lee Ka Sze, Carmelo, the non-executive director, have respectively entered into an appointment letter with the Company for service as an independent non-executive director or non-executive director for a term of 2 years from 1 January 2019 to 31 December 2020, which appointment shall terminate on the earlier of (i) 31 December 2020; or (ii) the date on which the director concerned ceases to be an independent non-executive director or non-executive director pursuant to the bye-law of the Company or any other applicable laws. Mr. Lee Ka Sze, Carmelo has retired as non-executive director on 13 September 2019.

Mr. Ching Yu Lung, the independent non-executive director, has entered into an appointment letter with the Company for service as an independent non-executive director from 10 November 2018 to 31 December 2020, which appointment shall terminate on the earlier of (i) 31 December 2020; or (ii) the date on which the director concerned ceases to be an independent non-executive director pursuant to the bye-laws of the Company or any other applicable laws.

The Board has set up an independent professional consulting procedures and upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses. The full Board meets regularly to review the financial and operating performance of the Group. Additional board meetings were held when necessary. Due notice and board papers were given to all directors prior to the meeting in accordance with the Listing Rules and the Code.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties, including the following matters attending by the Board during the year ended 31 March 2020:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- to review the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

Directors of the Company are continually updated with legal and regulatory developments and the business environment to facilitate discharge of their responsibilities. All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as whole and each director to discharge their duties.

Continuing education and information are provided to the directors regularly to help ensuring that the directors are appraised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its business.

Based on the training records provided to the Company by the directors, the directors have participated in the following training during the year ended 31 March 2020:

Name of directors	Reading regulatory updates/attending in house briefing	Attending expert briefing/seminars/ conference relevant to the business/ directors' duties
Mr. Lee Lap (Chairman)	✓	
Mr. Tommy Lee (Vice Chairman & Chief Executive Officer)	✓	
Mdm. Leung Lai Ping (resigned on 13 September 2019)	✓	
Mr. Wong Shiu Kee	✓	✓
Mr. Lo Yiu Hee	✓	✓
Mr. Tong Hin Wor	✓	
Mr. Ching Yu Lung	✓	✓
Mr. Lee Ka Sze, Carmelo (retired on 13 September 2019)	✓	✓

There were 5 board meetings held in the financial year ended 31 March 2020. The attendance record of each director is shown below. All business transacted at the above meetings are well-documented and maintained in accordance with applicable laws and regulations.

CORPORATE GOVERNANCE REPORT

Name of directors	No. of board meeting attended	Attendance rate
Mr. Lee Lap (Chairman)	5/5	100%
Mr. Tommy Lee (Vice Chairman & Chief Executive Officer)	5/5	100%
Mdm. Leung Lai Ping (resigned on 13 September 2019)	1/5	20%
Mr. Wong Shiu Kee	5/5	100%
Mr. Lo Yiu Hee	5/5	100%
Mr. Tong Hin Wor	5/5	100%
Mr. Ching Yu Lung	5/5	100%
Mr. Lee Ka Sze, Carmelo (retired on 13 September 2019)	1/5	20%

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), as the code of conduct regarding directors' securities transactions.

The Company have made specific enquiry of all directors that they have complied with the Model Code throughout the year ended 31 March 2020.

In addition, the Board also established written guidelines on no less exacting terms than the Model Code for senior management of the Company in respect of their dealings in the securities of the Company.

BOARD COMMITTEES

To strengthen the functions of the Board and to enhance its expertise, there are three Board committees namely, the audit committee, remuneration committee and nomination committee formed under the Board, with each performing different functions.

AUDIT COMMITTEE

The audit committee, which is chaired by Mr. Lo Yiu Hee has been established with defined terms of reference in alignment with the recommendations set out in "A Guide for Effective Audit Committees" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the Code of the Listing Rules. Other members are Mr. Tong Hin Wor, Mr. Ching Yu Lung and Mr. Lee Ka Sze, Carmelo (who has retired on 13 September 2019).

The audit committee meets no less than twice a year with the senior management and the external auditors to review the accounting principles and practices adopted by the Group and other financial reporting matters, assures the completeness, accuracy and fairness of the financial statements of the Group, discuss the effectiveness of the systems of internal control throughout the Group and most importantly, reviews all significant business affairs managed by the executive directors in particular on connected transactions. The audit committee also provides advice and recommendations to the Board and oversees all matters relating to the external auditors, and it plays an important role in monitoring and safeguarding the independence of external auditors.

The audit committee met 3 times during the financial year ended 31 March 2020. Set out below is the summary of work done during the year under review:

– to review the financial statements of the Group for the year ended 31 March 2019 and for the six months ended 30 September 2019;

– to discuss on the effectiveness of the internal control system;

– to review the internal audit report prepared by outsourced professional firm;

– to review the auditors' statutory audit plan and the letters of representation;

– to consider and approve the 2019 audit fees; and

– to approve the resignation and appointment of auditors.

The attendance record of each member is shown below. All business transacted at the above meetings are well-documented and maintained in accordance with applicable laws and regulations.

Name of audit committee members	No. of meeting attended	Attendance rate
Mr. Lo Yiu Hee (Chairman)	3/3	100%
Mr. Tong Hin Wor	3/3	100%
Mr. Ching Yu Lung	3/3	100%
Mr. Lee Ka Sze, Carmelo (retired on 13 September 2019)	0/3	0%

REMUNERATION COMMITTEE

The remuneration committee, chaired by Mr. Lo Yiu Hee has been established with defined terms of reference. Other members are Mr. Lee Lap and Mr. Tong Hin Wor.

The Company aims to design remuneration policies that attract and retain executives needed to run the Group successfully and to motivate executives to pursue appropriate growth strategies whilst taking into account performance of the individual. The remuneration should reflect performance, complexity and responsibility of the individual; and the remuneration package will be structured to include salary and bonus to provide incentives to directors and senior management to improve their individual performances.

The role and function of the remuneration committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the executive directors.

Set out below is the summary of work done of the remuneration committee during the year under review:

– to review the remuneration of executive directors and senior management for the year ended 31 March 2020; and

– to review the directors’ fee of the non-executive director.

The remuneration committee met once during the financial year ended 31 March 2020 with the presence of all members of the remuneration committee. The attendance record of each member is shown below:

Name of remuneration committee members	No. of meeting attended	Attendance rate
Mr. Lo Yiu Hee (Chairman)	1/1	100%
Mr. Lee Lap	1/1	100%
Mr. Tong Hin Wor	1/1	100%

The Board considers that only the executive directors are regarded as members of the senior management. Particulars regarding director's remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 9 and note 36 to the consolidated financial statements.

NOMINATION COMMITTEE

The nomination committee, chaired by Mr. Lee Lap has been established with defined terms of reference. Other members are Mr. Lo Yiu Hee and Mr. Tong Hin Wor.

The nomination committee is responsible for:

– review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

– identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

– assess the independence of independent non-executive directors;

– make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the Chairman and the chief executive; and

– consider other topics as defined by the Board.

CORPORATE GOVERNANCE REPORT

The nomination committee met once during the financial year ended 31 March 2020 with the presence of all members of the nomination committee to review the structure, size and composition of the Board, to access the independence of independent non-executive directors and to make recommendations on re-election of retiring directors. The attendance record of each member is shown below:

Name of nomination committee members	No. of meeting attended	Attendance rate
Mr. Lee Lap (Chairman)	1/1	100%
Mr. Lo Yiu Hee	1/1	100%
Mr. Tong Hin Wor	1/1	100%

The Board has also adopted a nomination policy (the"Nomination Policy") which sets out the selection criteria and procedure of appointing and re-appointing a Director. The selection criteria used in assessing the suitability of a candidate include, inter alia, such candidate's academic background and professional qualifications, relevant experience in the industry, character and integrity etc.

Pursuant to the Nomination Policy, the nomination committee reviews the structure, size and composition of the Board periodically and makes recommendation on any proposed changes to the Board to complement the Company's corporate strategy. When it is necessary to fill a casual vacancy or appoint an additional director, the nomination committee identifies or selects candidates as recommended to the committee pursuant to the criteria set out in the Nomination Policy. Based upon the recommendation of the nomination committee, the Board deliberates and decides on the appointment. In addition, every director shall be subject to retirement by rotation or re-election at least once every three years and shall be eligible for re-election at each annual general meeting. The nomination committee shall review the overall contribution and service to the Company, expertise and professional qualifications of the retiring directors, who offered himself/herself for re-election at the annual general meeting, to determine whether such director continues to meet the criteria as set out in the Nomination Policy.

BOARD DIVERSITY POLICY

The company has formulated and adopted a board diversity policy in June 2013 setting out the approach on diversity of the Board.

The Board recognizes the importance of having a diverse Board in enhancing the Board effectiveness and corporate governance. A diverse Board will include and make good use of difference in the skills, industry knowledge and experience, education, background and other qualities of directors of the Company and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately.

The nomination committee of the Company has responsibility for identifying and nominating for approval by the Board, candidates for appointment to the Board. It takes responsibility in assessing the appropriate mix of experience, expertise, skills and diversity required on the Board and assessing the extent to which the required skills are represented on the Board and overseeing the Board succession. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

At present, the nomination committee has not set any measureable objectives to implement the Board diversity policy. However, it will consider and review from time to time the Board diversity policy and setting of any measureable objects, if appropriate.

DIVIDEND POLICY

The Board has adopted a dividend policy (the "Dividend Policy") which does not have any pre-determined dividend payout ratio. In considering dividend payment, the Board will take into account factors such as depending on results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the directors of the Company may consider relevant from time to time. The Board will review the Dividend Policy from time to time and the Dividend Policy does not constitute any commitment or obligation of the Company to declare dividends.

AUDITOR'S REMUNERATION

Deloitte Touche Tohmatsu ("Deloitte") has resigned as the auditor of the Company with effect from 3 March 2020 as the Company and Deloitte could not reach a consensus on the audit fee for the financial year ended 31 March 2020.

With the recommendation of the audit committee of the Board, the appointment of PricewaterhouseCoopers ("PwC") as the auditor of the Company to fill casual vacancy occasioned by the resignation of Deloitte has been approved by the Board with effect from 4 March 2020. PwC shall hold the office as auditor of the Company until the conclusion of the next annual general meeting of the Company.

The remuneration in respect of services provided by Deloitte and PwC for the Group for the year ended 31 March 2020 are analysed as follows:

	31 March 2020 HK$		31 March 2019 HK$	
	PwC	**Deloitte**	PwC	Deloitte
Audit service	**1,000,000**	**–**	–	1,121,000
Non audit service	**–**	**313,375**	–	232,000
	1,000,000	**313,375**	–	1,353,000

Note: The remuneration for non audit services mainly includes fee regarding the review of the interim financial report of the Group for the six months ended 30 September 2019 (2019: HK$232,000).

DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The directors acknowledge that it is their responsibility in preparing the financial statements. The statement of the auditor about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 44 to 50.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company places great importance on internal control and risk management. The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness.

During the year, the Group has complied with code provision C.2 of the Code of the Listing Rules by establishing appropriate and effective risk management and internal control systems. The Board is responsible for the design, implementation and monitoring of such systems, and oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below.

Risk management policy

A sound framework of risk oversight, risk management and internal control is fundamental to the Group's commitment to good corporate governance. The Group adopts a risk management policy which manages the risk associated with its business and operations.

The management of risk within the Group is recognised as a critical part of its business operations. It underpins reliable financial reporting, compliance with relevant legal and regulatory obligations, efficient and effective business operations.

To manage the risk exposures faced by the Group, the Board recognises the need to identify areas of significant business risk and to develop and implement strategies to investigate these risks as a basis of implementing a formal system of risk management and internal control and compliance.

Risk identification sets out to identify the Company's exposure to uncertainties. Risk types will be categorised as strategic risks, operational risks, reporting risks and compliance risks.

The Group will undertake a formal risk assessment review and to routinely monitor and reassess material risk exposures within the Group.

Internal control system

The Company has in place an internal system which enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the system are shown as follow:

- *Control Environment:* A set of standards and procedures that provide the basis for carrying out internal control across the Group.

- *Risk assessment:* A process for identifying and analyzing risks to achieve the Group's objectives and for determining how risks should be managed.

- *Control Activities:* Action established by policies and procedures to help ensure that risk mitigation is carried out by management.

- *Information and Communication:* Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- *Monitoring:* Ongoing evaluations to ensure each components of internal control is functioning.

Internal audit function

The Group has engaged an external professional firm to perform internal audit ("IA") function, which is consisted of professional staffs with relevant expertise (such as Certified Public Accountant). The IA is independent of the Group's daily operation and carries out assessment of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

Based on the analysis of the identified key risks over financial reporting, compliance and operation aspects of the Group, the IA has designed a 3 year IA plan. The IA plan has been approved by the Board. According to the established IA plan, reviews of the risk management and internal control systems are conducted annually and the results are reported to the Board after approval by the audit committee.

Based on the internal control reviews conducted in 2020, no significant control deficiency was identified.

During the year, the Board had also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programme and budget. Based on the results of the review, the Group will continue to take steps to further enhance the effectiveness of the internal control system.

COMPANY SECRETARY

The Company has engaged and appointed Mr. Lo Tai On, a representative from an external secretarial services provider, as the company secretary of the Company. The primary contact person with the company secretary of the Company is Mr. Wong Shiu Kee, an executive director of the Company. Mr. Lo has confirmed that he has taken no less than 15 hours of relevant training.

CONSTITUTION DOCUMENTS

During the year, there is no change in the Company's constitutional documents.

COMMUNICATTION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Shareholders are provided with detailed information about the Company set out in the interim/annual report and/or the circular so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure the shareholders are kept well informed of key business imperatives. Procedures for conducting a poll are explained by the Chairman of the meeting at the general meetings of the Company.

General meetings of the Company provide a direct forum of communication between shareholders and the Board. Shareholders are welcome to put forward enquiries to the Board or the management thereat and the Chairman of the Board, or in his absence, an executive director of the Company, as well as chairman of the nomination committee, remuneration committee and audit committee, or in their absence, other members of the respective committees, and where applicable, the independent board committee, will be commonly be present and available to answer questions and shareholders may also contact the company secretary to direct their written enquiries.

CORPORATE GOVERNANCE REPORT

At the annual general meeting held on 13 September 2019, separate resolution was proposed in respect of each separate issue itemized on the agenda, including re-election of retiring directors. The Chairman of the Board and members of all committees answered questions from shareholders.

The Chairman of the meeting explained detail procedures for conducting a poll. All the resolutions proposed at the meeting were passed separately by way of poll. The results of the poll were published on the websites of the Stock Exchange and the Company on 13 September 2019. No other general meeting of the Company was held during the year. The attendance record of each director at the general meeting is shown below:

Name of directors	General meeting attended	Attendance rate
Mr. Lee Lap (Chairman)	1/1	100%
Mr. Tommy Lee (Vice Chairman & Chief Executive Officer)	1/1	100%
Mdm. Leung Lai Ping (resigned on 13 September 2019)	0/1	0%
Mr. Wong Shiu Kee	1/1	100%
Mr. Lo Yiu Hee	1/1	100%
Mr. Tong Hin Wor	1/1	100%
Mr. Ching Yu Lung	0/1	0%
Mr. Lee Ka Sze, Carmelo (retired on 13 September 2019)	0/1	0%

The forthcoming 2020 annual general meeting of the Company will be held on 11 September 2020. A notice convening the 2020 annual general meeting will be published on the website of the Stock Exchange and the Company and will be dispatched together with the 2019/2020 annual report to the shareholders of the Company.

The Company is committed to enhancing communications and relationships with its investors. Designated management maintains an open dialogue with the press and analysts to keep them abreast of the Company's developments.

The Company also maintain a website at www.termbray.com.hk, where updates on the Company's business developments and operations, financial information and news can always be found.

Shareholders and investors may at any time send their enquiries and concerns to the Board in writing as follows:

Address: Flat B, 8/F, Waylee Industrial Centre, 30-38 Tsuen King Circuit, Tsuen Wan, New Territories, Hong Kong

Fax: (852) 2480 4214

Email: group@termbray.com.hk

SHAREHOLDERS' RIGHTS

Shareholders are entitled to requisition a special general meeting and put forward proposals at general meeting. The procedures are as follows:

(a) Procedures for requisitioning a special general meeting

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company may, by written requisition to the Board or the company secretary signed and deposited in accordance with the Bye-laws of the Company, Bermuda Companies Act 1981, require the directors to call a special general meeting for the transaction of business specified in the requisition.

(b) Procedures for putting forward proposals to general meeting

Shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company or not less than 100 shareholders may, at their expense, provide a written request to the attention of the company secretary signed and deposited in accordance with the Bermuda Companies Act 1981.

The procedures for the shareholders to propose a person for election of a director at an annual general meeting is available for viewing at the Company's website at www.termbray.com.hk.

The above procedures are subject to the Bye-laws of the Company and applicable legislation and regulation from time to time.

Besides, the updated memorandum of association and Bye-laws of the Company has been posted on the website of the Company at www.termbray.com.hk and the designed website of the Stock Exchange at www.hkexnews.hk.

CONCLUSION

The Company strongly believes that the quality and standard of corporate governance reflects the quality of the management and the operations of the Group's business. Good corporate governance can safeguard the proper use of funds and effective allocation of resources and to protect shareholders' interests. The management wholeheartedly advocates of the good practice in corporate governance and will try our best to maintain, strengthen and improve the standard and quality of the Group's corporate governance.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
TERMBRAY INDUSTRIES INTERNATIONAL (HOLDINGS) LIMITED
(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Termbray Industries International (Holdings) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 51 to 134, which comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of loan and interest receivables
- Valuation of leasehold land and buildings and investment property

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of loan and interest receivables	
Refer to Note 3.1(b) (credit risk), Note 4 (critical accounting estimates and judgements), Note 8 (provision for impairment of loan and interest receivables), Note 17 (loan receivables) and Note 18 (interest receivables) to the consolidated financial statements. As at 31 March 2020, the Group has gross loan and interest receivables amounted to HK$110,848,000 and HK$313,000, respectively. For the year ended and as at 31 March 2020, provision for impairment on loan receivables under the expected credit loss ("ECL") model amounted to HK$82,000. Management assessed the provision for impairment on loan and interest receivables based on the estimation of ECL under a "three-stage" model. In measuring the loss allowance of loan and interest receivables, management applied judgement in selecting valuation methodology and approach, including the staging determination for receivables with similar risk characteristics, and making the assumptions about the Probability of default, Loss given default and Exposure at default with reference to the historical delinquency ratio of loans portfolio, collateral values and forward-looking information on macroeconomic factors.	We assessed management's assessment of provision for impairment of loan and interest receivables by performing the following procedures: • understood, evaluated and validated the key controls over the impairment assessment of loan and interest receivables; • assessed the valuation methodology and approach adopted by management in the ECL assessment; • evaluated the appropriateness of the staging determination and key assumptions about the Probability of default, Loss given default and Exposure at default in assessing the ECL, such as grouping of receivables with similar credit risk characteristics, delinquency ratio and collateral values used for the respective receivable groupings, and forward-looking information on macroeconomic factors based on the historical data as well as market economic data;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on this area because the carrying value of loan and interest receivables is significant to the consolidated financial statements and the management's impairment assessment of loan and interest receivables requires the use of significant judgement and estimates.	• involved our internal valuation specialists in our discussion with management to understand and assess the appropriateness of the methodology used and the assumptions and estimates applied; • tested, on a sample basis, the existence and accuracy of the aging of the loan and interest receivables as at the reporting date by tracing to loan agreements; and • checked calculation of management's computation of loss allowance. Based on the procedures performed, we found management's judgements and estimates applied in the impairment assessment of loan and interest receivables were supported by the available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of leasehold land and buildings and investment property	
Refer to Note 4 (critical accounting estimates and judgements), Note 14 (property, plant and equipment) and Note 15 (investment property) to the consolidated financial statements. The Group's leasehold land and buildings and investment property amounted to HK$392,000,000 and HK$180,000,000, respectively, as at 31 March 2020. For the year ended 31 March 2020, a fair value loss on investment property of HK$7,000,000 was charged to the consolidated statement of profit or loss, and a decrease in the carrying amounts arising on revaluation of land and buildings of HK$11,164,000 is recognised in the other comprehensive income. Management engaged an independent valuer to determine the valuation of the Group's leasehold land and buildings and investment property. There are significant judgments and estimates involved whereby the valuations have been arrived at using direct comparison method, including unit sale price, taking into account differences such as transaction time, location, frontage and size between the comparables and the property. The significant judgments and estimates involved in the property valuations warrants specific audit focus and attention.	Our procedures performed in relation to the valuation of leasehold land and buildings and investment property included: • Assessed the competence, capability and objectivity of the valuer engaged by management for the valuation; • Obtained an understanding of the valuation processes and significant assumptions to assess if these approaches are consistent with the requirements of HKFRSs and industry norms; • Assessed the methodologies and data inputs used by the valuer, and the appropriateness of the key assumptions, based on our knowledge of the property industry, research of unit sale price, taking into account differences such as transaction time, location, frontage and size between the comparables and the property; and • Involved our internal valuation specialists in our discussion with management and external valuer to understand and assess the appropriateness of the methodology used and the assumptions and estimates applied. Based on the procedures performed, we found the methodologies adopted and the key assumptions used were supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Kin Bong.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

		Year ended 31 March	
	Note	**2020 HK$'000**	2019 HK$'000
Revenue			
– Sales of properties	6	**4,264**	24,673
– Rental income	6	**3,776**	4,199
– Interest income from money lending	6	**6,829**	1,722
		14,869	30,594
Cost of sales		**(3,206)**	(9,857)
Gross profit		**11,663**	20,737
Other income	6	**1,615**	1,368
Other losses, net	6	**(20,167)**	(14,796)
Administrative expenses	7	**(17,617)**	(18,817)
Finance costs	10	**(34)**	–
Provision for impairment of loan and interest receivables	8	**(82)**	–
Loss before income tax		**(24,622)**	(11,508)
Income tax expense	12	**(2,361)**	(8,372)
Loss for the year		**(26,983)**	(19,880)
Other comprehensive (loss)/income:			
Item that may not be reclassified to profit or loss			
(Loss)/gain on revaluation of leasehold land and buildings	14	**(11,164)**	5,711
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**2,598**	1,088
Other comprehensive (loss)/income for the year, net of tax		**(8,566)**	6,799
Total comprehensive loss for the year		**(35,549)**	(13,081)
		HK cents	HK cents
Loss per share attributable to owners of the Company:	13		
Basic		**(1.38)**	(1.02)
Diluted		**(1.38)**	(1.02)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

		As at 31 March	
		2020	2019
	Note	**HK$'000**	HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**392,820**	409,278
Investment property	*15*	**180,000**	187,000
Deferred income tax assets	*25*	**2,716**	2,600
Loan receivables	*17*	**91,957**	22,892
Pledged bank deposit	*23*	**2,000**	2,000
		669,493	623,770
Current assets			
Completed properties for sale	*16*	**55,100**	60,523
Loan receivables	*17*	**18,809**	21,612
Interest receivables	*18*	**313**	99
Deposits, prepayments and other receivables	*21*	**1,978**	2,091
Financial assets at fair value through profit or loss	*22*	**167**	374
Cash and cash equivalents	*24*	**187,827**	262,015
		264,194	346,714
TOTAL ASSETS		**933,687**	970,484
EQUITY AND LIABILITIES			
Equity			
Share capital	*26*	**156,611**	156,611
Reserves	*27*	**751,749**	787,298
Equity attributable to owners of the Company		**908,360**	943,909
Non-controlling interests		**–**	417
Total equity		**908,360**	944,326

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

		As at 31 March	
		2020	2019
	Note	**HK$'000**	HK$'000
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	*25*	**238**	238
Lease liabilities	*19*	**203**	–
		441	238
Current liabilities			
Other payables and accruals	*28*	**3,163**	4,845
Contract liabilities	*28*	**798**	1,650
Amount due to a related company	*29*	**2,494**	2,099
Lease liabilities	*19*	**475**	–
Income tax payable		**17,956**	17,326
		24,886	25,920
Total liabilities		**25,327**	26,158
TOTAL EQUITY AND LIABILITIES		**933,687**	970,484

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 51 to 134 were approved by the Board of Directors on 19 June 2020 and were signed on its behalf.

Lee Lap
Director

Wong Shiu Kee
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 April 2018	156,611	404,370	11,192	375,072	9,745	956,990	417	957,407
Loss for the year	–	–	–	–	(19,880)	(19,880)	–	(19,880)
Exchange differences arising on translation of foreign operations	–	–	1,088	–	–	1,088	–	1,088
Gain on revaluation of leasehold land and buildings (note 14)	–	–	–	5,711	–	5,711	–	5,711
Total comprehensive income/ (loss) for the year	–	–	1,088	5,711	(19,880)	(13,081)	–	(13,081)
Balance at 31 March 2019	156,611	404,370	12,280	380,783	(10,135)	943,909	417	944,326
Loss for the year	–	–	–	–	(26,983)	(26,983)	(417)	(27,400)
Exchange differences arising on translation of foreign operations	–	–	2,598	–	–	2,598	–	2,598
Loss on revaluation of leasehold land and buildings (note 14)	–	–	–	(11,164)	–	(11,164)	–	(11,164)
Total comprehensive income/ (loss) for the year	–	–	2,598	(11,164)	(26,983)	(35,549)	(417)	(35,966)
Balance at 31 March 2020	156,611	404,370	14,878	369,619	(37,118)	908,360	–	908,360

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Cash used in operations	30	(66,496)	(31,445)
Income tax paid		(2,032)	(2,345)
Interest paid on lease liabilities		(34)	–
Net cash used in operating activities		(68,562)	(33,790)
Cash flows from investing activities			
Interest received		1,116	784
Payments for financial assets at fair value through profit or loss		–	(7)
Purchase of property, plant and equipment		–	(158)
Payment for acquisition of a subsidiary, net of cash acquired		–	(159)
Net cash generated from investing activities		1,116	460
Cash flows from financing activities			
Principal elements of lease payments		(458)	–
Net cash used in financing activities		(458)	–
Net decrease in cash and cash equivalents		(67,904)	(33,330)
Cash and cash equivalents at beginning of year		262,015	302,325
Effect of exchange rate changes on cash and cash equivalents		(6,284)	(6,980)
Cash and cash equivalents at end of year	24	187,827	262,015

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Termbray Industries International (Holdings) Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM11, Bermuda.

The Company is principally engaged in property investment and development and money lending business of providing mortgaged loans in Hong Kong.

The parent of the Company is Lee & Leung (B.V.I.) Limited which is incorporated in the British Virgin Islands and the directors of the Company consider that its ultimate parent to be Lee & Leung Family Investment Limited, a company incorporated in the British Virgin Islands which is held by HSBC International Trustee Limited for the Lee & Leung Family Trust, the settlor of which is Mr. Lee Lap.

The Company has its listing on the Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Termbray Industries International (Holdings) Limited and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. They have been prepared under the historical cost convention, except for leasehold land and buildings, investment property and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures

(a) *New, amended standards and new interpretation adopted by the Group*

The following new, amended standards and new interpretation are effective for annual periods beginning after 1 April 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
Amendments to Annual Improvements Project	Annual improvements 2015 – 2017 cycle
HK(IFRIC) – Int23	Uncertainty over income tax treatments

The adoption of these new, amended standards and new interpretation did not result in any substantial change to the Group's accounting policies, except for adoption of HKFRS 16 as disclosed in Note 2.1.1(c). The new, amended standards and new interpretation listed above had no material impact on the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New and amended standard not yet adopted by the Group

The Group has not applied any new, amended standards or new interpretation that is not yet effective for the current accounting period.

		Effective for annual periods beginning on or after
Amendments to HKFRS 3 (Revised)	Definition of a business	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKAS 1 (Revised) and HKAS 8	Definition of material	1 January 2020
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	To be determined
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) Impact of the adoption of new standards

This note explains the impact of the adoption of HKFRS 16 "Leases" on the consolidated financial statements.

The Group has adopted HKFRS 16 "Leases" from its mandatory adoption date of 1 April 2019. The Group has applied the simplified transition approach, and has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

(i) Adjustments recognised on the adoption of HKFRS 16

On adoption of HKFRS 16, the Group, as a lessee, recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 3.6%.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) *Impact of the adoption of new standards (Continued)*

(i) Adjustments recognised on the adoption of HKFRS 16 (Continued)

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	1,581
Discounted using the lessee's incremental borrowing rate at the date of initial application	(53)
(Less): short-term leases recognised on a straight-line basis as expense	(392)
Lease liabilities recognised as at 1 April 2019	1,136
Of which are:	
– Current lease liabilities	458
– Non-current lease liabilities	678
	1,136

The associated right-of-use assets were measured as an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 March 2019. There was no onerous lease contract that would have required an adjustment to the right-of-use assets at the date of initial application. The recognised right-of-use assets relate to the leasehold land and leased office premises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) Impact of the adoption of new standards (Continued)

(i) Adjustments recognised on the adoption of HKFRS 16 (Continued)

Changes in accounting policies affected the following items in the consolidated statement of financial position on 1 April 2019:

Consolidated statement of financial position (extract)

	31 March 2019 as originally presented HK$'000	Effects of the adoption of HKFRS 16 HK$'000	1 April 2019 Restated HK$'000
Non-current assets			
Property, plant and equipment	–	1,136	1,136
Current liabilities			
Lease liabilities	–	458	458
Non-current liabilities			
Lease liabilities	–	678	678

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) Impact of the adoption of new standards (Continued)

(i) Adjustments recognised on the adoption of HKFRS 16 (Continued)

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- exempting operating leases for which the underlying assets are of low value excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) Impact of the adoption of new standards (Continued)

(ii) The Group's leasing activities and how these are accounted for

The Group leases various land and office premise. Rental contracts are typically made for a range from 75 years to 90 years and fixed period of 3 years for land and office premise, respectively. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

Until 31 March 2019, leases of office premises were classified as operating leases and leases of land were classified as finance leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. Payments made under leases of land were prepaid upfront and leasehold land were depreciated over the lease term.

From 1 April 2019, leases are recognised as a right-of-use assets (included in property, plant and equipment which are presented in the consolidated statement of financial position) and a corresponding liability at the date at which the leased asset is available for use by the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) Impact of the adoption of new standards (Continued)

(ii) The Group's leasing activities and how these are accounted for (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments are allocated between principal and financial cost. The financial cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(c) Impact of the adoption of new standards (Continued)

(ii) The Group's leasing activities and how these are accounted for (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.2 Subsidiary

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when then Group is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to effect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiary (Continued)

2.2.2 Separate financial statements

Investment in a subsidiary is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying account of the investment in the separate financial statements exceeds the carry amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Directors of the entities now comprising the Group that makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated at foreign currencies at year-end exchange rates are generally recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated statement of profit or loss as part of the fair value gain or loss.

(c) Group companies

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

(ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies (Continued)

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that include a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interest and are not recognised in profit or loss. For all other partial disposals (that is, reduction in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

Leasehold land and buildings are recognised at fair value based on periodic valuations by an external independent valuer, less subsequent depreciation for buildings. A revaluation surplus is credited to property revaluation reserve in shareholders' equity. Leasehold land and leased office premise are considered as types of right-of-use assets.

All other property, plant and equipment stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is 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 repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Leasehold land	Over the term of the lease
Leased office premise	3 years
Buildings	40 years or over the remaining lease term of the land on which the building is situated, if shorter
Furniture, fixtures and equipment and leasehold improvements	5 – 10 years
Motor vehicles	5 – 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amounts and are recognised within 'other losses, net' in the consolidated statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment property

Investment property, principally residential property, is held for long-term rental yields and is not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are recognised within 'other losses, net' in the consolidated statement of profit or loss.

2.8 Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the cost of land, development expenditure, other attributable costs and borrowing costs capitalized in accordance with the Group's accounting policies. Net realisable value is determined by reference to estimated selling price less selling expenses.

2.9 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- those to be measured at amortised cost

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(a) Classification (Continued)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in comprehensive income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(c) Measurement (Continued)

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. Interest income from these financial assets is included in revenue or other income using the effective interest rate method. Any gain or loss arising on derecognition and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

- 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. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to comprehensive income and recognised in other gain/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gain/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in comprehensive income and presented net within other gain/(losses) in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 3.1(b) provides more detail of how the expected credit loss allowance is measured.

Loan receivables and interest receivables of the Group are classified as debt investments carried at amortised cost and are subject to the ECL model. While deposits and other receivables and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Loan and interest receivables

Loan and interest receivables are property mortgage loans granted to customers in the ordinary course of business. If collection of loan and interest receivables are expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Loan and interest receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

2.14 Pledged bank deposit

Pledged bank deposit represents the amount of cash pledged as collateral to banks.

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.16 Other payables and accruals

Other payables and accruals are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

Payments to defined contribution retirement benefit plans, including the Mandatory Provident Fund Scheme and state-managed retirement pension schemes, are recognised as an expense when employees have rendered service entitling them to the contributions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and other revenue reducing factors after eliminating sales within the Group.

(a) Sales of properties

Revenue from sales of properties is recognised at a point in time when the completed property is delivered and transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives a fixed percentage of the contract value as deposits from customers or receipts in advance from customers when they sign the sale and purchase agreement. Deposits and instalments received on properties sold prior to the date of revenue recognition are recorded as contract liabilities under current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue recognition (Continued)

(b) Rental income

Rental is recognised in the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

(c) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.21 Leases

As explained in note 2.1.1(c) above, the Group has changed its accounting policies for lease where the Group is the lessee. The new policy and impact of the change are described in note 2.1.1(c).

Before 1 April 2019, leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payment made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety types of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi. Foreign exchange risk arises from future commercial transactions or recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 March 2020, if HK$ had strengthened/weakened by 5% against RMB with all other variables held constant, the loss for the year would have been approximately HK$5,324,000 (2019: HK$5,331,000) lower/higher, respectively, mainly as a result of foreign exchange gains/losses on translation of HK$ denominated payables in entities whose functional currency is RMB.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its loan receivables (Note 17) and interest receivables (Note 18). Loan receivables and interest receivables are issued at fixed rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant assets and liabilities which were interest-bearing at floating rates. The resulting interest rate risk is considered to be insignificant.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. For the receivables arising from sales of properties and property leasing, the Group managed the credit risk by fully receiving cash. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group's main income generating activities also include lending to customers. Therefore credit risk is a principal risk.

The Group's credit risk arises from deposits and other receivables, cash and cash equivalents, pledged bank deposit, loan receivables and interest receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets which are stated as follows:

	As at 31 March 2020			As at 31 March 2019
	Gross carrying amount HK$'000	**Loss allowance HK$'000**	**Net carrying amount HK$'000**	Carrying amount HK$'000
Loan receivables	**110,848**	**(82)**	**110,766**	44,504
Interest receivables	**313**	**–**	**313**	99
Deposits and other receivables	**1,777**	**–**	**1,777**	1,845
Pledged bank deposit	**2,000**	**–**	**2,000**	2,000
Cash and cash equivalents	**187,827**	**–**	**187,827**	262,015

As at 31 March 2020 and 2019, all of the Group's pledged bank deposit and cash and cash equivalents are deposited in major financial institutions located in Mainland China and Hong Kong, which the Group's management believes are of high credit quality.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Credit risk management

The Group manages and analyses the credit risk for each of their new and existing money-lending customers before standard payment terms and conditions are offered. In particular, the Group manages its credit risk by:

- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, HKFRSs and relevant supervisory guidance.

- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.

- Limiting concentrations of exposure by type of asset, counterparties, credit rating, geographic location etc.

- If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities.

- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL

The Group has two types of financial assets that are subject to the expected credit loss model:

- loan receivables and interest receivables; and
- deposits and other receivables.

While pledged bank deposit and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Loan receivables and interest receivables

The Group measures loss allowance under HKFRS 9 ECL model. The measure of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial assets is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset. The key inputs used for measuring ECL are:

- Probability of default ("PD");
- Loss given default ("LGD"); and
- Exposure at default ("EAD")

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's estimation of probabilities of default to individual company;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as delinquency ratios and collateral values, and the effect on probabilities of default, exposures at default and losses given default; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

The Group categorises the credit quality of its loan receivables and interest receivables according to 3 different stages under the ECL model:

- Stage 1: financial assets without significant increase in credit risk since initial recognition where loss allowance is calculated based on 12-month ECL.
- Stage 2: financial assets with significant increase in credit risk since initial recognition where loss allowance is calculated based on lifetime ECL.
- Stage 3: credit impaired assets where loss allowance is calculated based on lifetime ECL.

Significant increase in credit risk

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

Significant increase in credit risk (Continued)

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

- Significant deterioration in external market indicators of credit risk, e.g. a significant decrease in credit rating of the debtor;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- An actual or expected significant deterioration in the operating results of the debtor; and an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtors' ability to meet its debt obligations.

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

Significant increase in credit risk (Continued)

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Measurement of ECL (Continued)

Loan receivables and interest receivables (Continued)

Default and credit-impaired

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

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

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Group uses internal and external information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

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

Deposits and other receivables

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit loss which is zero.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk exposure

Maximum exposure to credit risk before collateral held or other credit enhancements

According to the characteristics of risk level, the Group classifies the risk level of financial assets included in the measurement of expected credit losses into "Risk level 1", "Risk level 2", "Risk level 3" and "default". "Risk level 1" means that the asset credit quality is good, there is sufficient evidence to show that the asset is not expected to default; "Risk level 2" means that the asset quality is relatively good, there is no reason or there is no sufficient reason to suspect that the asset is expected to default; "Risk level 3" refers to the unfavorable factors that may cause or have caused an asset default, but no default event has occurred or no significant default has occurred; The criteria for "default" are consistent with the definition of credit-impaired assets. The following table provides an analysis of the credit risk exposure of financial instruments applicable to the expected credit loss measurement. The book value of the following financial assets is the Group's maximum exposure to credit risk for these assets.

The movements in book value of loan receivables

	Stage 1 12-month ECL HK$'000
Balance as at 31 March 2019	44,504
New loans originated	92,291
Repayments	(25,947)
Balance as at 31 March 2020	**110,848**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Credit risk exposure (Continued)

Movements in ECL allowance on loans and advances to customers

	Stage 1 12-month ECL HK$'000
Provision for impairment of loan and interest receivables	
Balance as at 31 March 2019	–
Impact on year end provision for impairment losses	82
Balance as at 31 March 2020	**82**

(iv) Sensitivity analysis

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, economic scenario weighting and other factors considered when applying expert judgment. Changes in these inputs, assumptions and judgments impact the assessment of significant increase in credit risk and the measurement of ECLs.

The following table shows the impact on ECL allowance on loan receivables and interest receivables as at 31 March 2020 by changing individual input.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iv) Sensitivity analysis (Continued)

Change in input on ECL model	Impact on ECL allowance on loan receivables and interest receivables
Assuming a further 10% weighting added to the probability of the optimistic scenario and a corresponding 10% weighting reduction in the base scenario	Decrease by HK$900
Assuming a further 10% weighting added to the probability of the pessimistic scenario and a corresponding 10% weighting reduction in the base scenario	Increase by HK$27,000
Assuming the forecast collateral value increased by 10%	Decrease by HK$28,000
Assuming the forecast collateral value decreased by 10%	Increase by HK$40,000

(v) Collateral held as security

The Group holds collateral against certain loan receivables in the form of mortgages over property. As at 31 March 2020, all of the Group's gross loan receivables were secured by mortgages over property (2019: all). Majority of the collateral are residential properties and commercial properties and all of the collateral is located in Hong Kong.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(v) Collateral held as security (Continued)

In the majority of mortgage loan cases, the Group grants loans with a loan-to-value ratio of no more than 75% of the value in the valuation report of the property for property mortgages and there is no subordinated property mortgage granted by the Group. Approval from a director of the subsidiary of the Group and a credit manager is needed for loans granted with a loan-to-value ratio that exceeds 75%. The directors and senior management of the Group meet regularly to review the loan to value ratio and when (1) there is a significant change in the property price index in Hong Kong; or (2) when loans are renewed. The directors and senior management of the Group consider that the credit risk arising from the loan and interest receivables is significantly mitigated by the property held as collateral, with reference to the market value of the property which were valued by an independent third party valuer as at the end of the reporting period.

(c) Liquidity risk

The Group's primary cash requirements, apart from granting loans to customers, are for repayment of amount due to a related company and operating expenses. The Group finances its working capital requirements with funds generated from operations.

The Group's policy is to maintain sufficient cash and cash equivalents or have available funding through borrowing from a director to meet its working capital requirements.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The below table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year HK$'000	Between one and two years HK$'000	Total HK$'000
As at 31 March 2020			
Other payables and accruals	**3,163**	**–**	**3,163**
Lease liabilities	**492**	**205**	**697**
Amount due to a related party	**2,494**	**–**	**2,494**
	6,149	**205**	**6,354**
As at 31 March 2019			
Other payables and accruals	4,845	–	4,845
Amount due to a related party	2,099	–	2,099
	6,944	–	6,944

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated statement of financial position.

The Group was in a net cash position as at 31 March 2020 and 2019.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 March 2020 by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values. The financial assets at fair value through profit or loss are recorded at quoted bid prices in an active market and are classified as level 1 fair value measurement. The fair value estimation of investment property and leasehold land and buildings that are measured at fair value are set out in Note 15 and Note 14, respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for loan and interest receivables is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1(b), which also sets out key sensitives of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relation weightings of forward-looking scenarios.

(b) Taxation

The Group is subject to income taxes, land appreciation tax and withholding tax in the PRC and Hong Kong as applicable. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (Continued)

(c) Estimated valuation of investment property and leasehold land and building

The Group carries its investment property and leasehold land and buildings at fair value with changes in the fair value recognised in profit or loss and other comprehensive income, respectively. It obtains independent valuations at least annually. At the end of each reporting period, management updates its assessment of the fair value of the properties, taking into account the most recent independent valuations. Refer to Note 15 and Note 14 for the assumptions, valuation techniques and fair value measurement of investment property and leasehold land and buildings.

(d) Net realisable values of completed properties for sale

The Group assesses the carrying amounts of completed properties for sale according to their net realisable value based on the realisability of these properties. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the CODM that are used to making strategic decisions. The CODM is identified as the Executive Directors of the Company.

During the year ended 31 March 2020, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

Property development and investment – Property development for sale of properties in the PRC and property investment for letting of properties in Hong Kong and the PRC.

Money lending – Provide mortgage loan financing to customers.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources.

Information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (CONTINUED)

The segment results and other segment items are as follows:

	Property development and investment HK$'000	Money lending HK$'000	Total HK$'000
For the year ended 31 March 2020			
Revenue	**8,040**	**6,829**	**14,869**
Segment results	**(11,748)**	**4,661**	**(7,087)**
Unallocated other income			**620**
Unallocated other losses, net			**(3,227)**
Unallocated expenses			**(14,928)**
Loss before income tax			**(24,622)**
For the year ended 31 March 2019			
Revenue	28,872	1,722	30,594
Segment results	7,242	454	7,696
Unallocated other income			873
Unallocated other losses, net			(3,247)
Unallocated expenses			(16,830)
Loss before income tax			(11,508)

For the years ended 31 March 2020 and 2019, unallocated expenses and unallocated other gains and losses represent corporate expenses and unrealised net exchange losses, respectively. Segment results represent the loss before income tax earned by each segment without allocation of certain other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

5 SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities are as follows:

	Property development and investment HK$'000	Money lending HK$'000	Total HK$'000
As at 31 March 2020			
Assets			
Segment assets	**352,178**	**125,196**	**477,374**
Unallocated assets			**456,313**
Consolidated total assets			**933,687**
Liabilities			
Segment liabilities	**19,802**	**1,423**	**21,225**
Unallocated liabilities			**4,102**
Consolidated total liabilities			**25,327**
As at 31 March 2019			
Assets			
Segment assets	369,707	70,479	440,186
Unallocated assets			530,298
Consolidated total assets			970,484
Liabilities			
Segment liabilities	21,848	98	21,946
Unallocated liabilities			4,212
Consolidated total liabilities			26,158

5 SEGMENT INFORMATION (CONTINUED)

All assets are allocated to operating and reportable segments other than property, plant and equipment, financial assets at FVPL, certain cash and cash equivalents and certain deposits, prepayments and other receivables.

All liabilities are allocated to operating and reportable segments other than amount due to a related company, deferred income tax liabilities, certain other payables and accruals and certain income tax payable.

Amounts included in the measure of segment results are as follows:

	Property development and investment HK$'000	Money lending HK$'000	Unallocated HK$'000	Total HK$'000
For the year ended 31 March 2020				
Depreciation	**35**	**490**	**5,836**	**6,361**
Interest income	**778**	**146**	**192**	**1,116**
Interest expense	**–**	**34**	**–**	**34**
Income tax expense	**1,743**	**618**	**–**	**2,361**
	2,556	**1,288**	**6,028**	**9,872**
For the year ended 31 March 2019				
Depreciation	60	10	5,731	5,801
Interest income	308	17	459	784
Income tax expense	8,295	77	–	8,372
	8,663	104	6,190	14,957

5 SEGMENT INFORMATION (CONTINUED)

Revenue from external customers, based on the location where the goods are delivered and services are rendered, and non-current assets, other than pledged bank deposits and deferred income tax assets, by geographical location are as follows:

	Revenue from external customers		Non-current assets	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**8,781**	3,678	**664,777**	619,170
The PRC	**6,088**	26,916	**–**	–
	14,869	30,594	**664,777**	619,170

For the years ended 31 March 2020 and 2019, no single customer contributed to 10% or more of the Group's total revenue.

A reconciliation of reportable segment assets to total assets and reportable segment liabilities to total liabilities is provided as follows:

	As at 31 March	
	2020	2019
	HK$000	HK$000
Reportable segment assets	**477,374**	440,186
Financial assets at fair value through profit or loss	**167**	374
Cash and cash equivalents	**61,686**	119,085
Property, plant and equipment	**392,154**	409,278
Deposits, prepayments and other receivables	**2,306**	1,561
Total assets per consolidated statement of financial position	**933,687**	970,484
Reportable segment liabilities	**21,225**	21,946
Amount due to a related company	**2,494**	2,099
Deferred income tax liabilities	**238**	238
Other payables and accruals	**676**	1,798
Income tax payable	**694**	77
Total liabilities per consolidated statement of financial position	**25,327**	26,158

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE, OTHER INCOME AND OTHER LOSSES, NET

Revenue, other income and other losses, net recognised during the year is as follows:

	Year ended 31 March	
	2020	2019
	HK$000	HK$000
Revenue		
Sales of properties in the PRC (Note)	**4,264**	24,673
Rental income (under HKFRS 16)	**3,776**	4,199
Interest income from money lending business (under HKFRS 9)	**6,829**	1,722
	14,869	30,594

Note: Revenue from sales of properties is recognised at a point in time. All sales of properties are entered in a contract that has an original expected completion of one year or less.

	2020	2019
Other income		
Interest income on bank deposits	**1,116**	784
Sundry income	**499**	584
	1,615	1,368
Other losses, net		
Losses on disposal of property, plant and equipment	**69**	–
Unrealised net exchange losses	**12,891**	14,443
Fair value losses on financial assets at fair value through profit or loss	**207**	353
Fair value loss on investment property (Note 15)	**7,000**	–
	20,167	14,796

7 EXPENSES BY NATURE

Expenses included "cost of sales" and "administrative expenses" are analysed as follows:

	Year ended 31 March	
	2020	2019
	HK$000	HK$000
Employee benefit expenses (Note 9)	**6,791**	8,821
Depreciation of property, plant and equipment (Note 14)	**6,361**	5,801
Auditor's remuneration		
– Audit services	**1,000**	1,353
– Non-audit services	**313**	30
Cost of properties sold	**1,684**	8,208
Commission	**623**	242
Expenses relating to short-term leases (Note 19)	**958**	–
Lease payments for leases previously classified as operating leases under HKAS 17	**–**	943
Secretarial fee	**473**	425
Legal and professional fees	**396**	339
License and registration	**352**	388
Printing expense	**221**	208
Utilities	**198**	225
Repairs and maintenance	**168**	8
Building management fees	**344**	335
Insurance	**196**	171
Motor vehicle expense	**164**	245
Others	**581**	932
Total cost of sales and administrative expenses	**20,823**	28,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 PROVISION FOR IMPAIRMENT OF LOAN AND INTEREST RECEIVABLES

	Year ended 31 March 2020 12 months expected credit loss (Stage 1) HK$'000
Net charge for provision for impairment of loan and interest receivables	82

No provision for impairment on loan and interest receivables was made for the year ended 31 March 2019.

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March	
	2020 HK$000	2019 HK$000
Wages, salaries and other allowances	6,523	8,530
Retirement benefit – defined contribution plans	268	291
	6,791	8,821

(a) Retirement benefit – defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group contributes to a state-sponsored retirement plan for its employees in Mainland China, which is a defined contribution plan. The Group and its employee contribute, respectively, part of the employees' basic wages/salary as specified by the local government, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(a) Retirement benefit – defined contribution plans (Continued)

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% (2019: 5%) of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a cap of HK$1,500 (2019: HK$1,500) and thereafter contributions are voluntary. No forfeited contributions are available to reduce contributions payable in the future.

During the year ended 31 March 2020, the aggregate amount of the Group's contributions to the aforementioned pension schemes was approximately HK$268,000 (2019: HK$291,000). As at 31 March 2020, the Group was not entitled to any forfeited contributions to reduce its future contributions (2019: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2019: three) directors whose emolument is reflected in the analysis shown in Note 36. The emoluments payable to the remaining two (2019: two) individuals during the year are as follows:

	Year ended 31 March	
	2020	2019
	HK$000	HK$000
Basic salaries, allowances and benefits in kind	**787**	707
Retirement benefit- defined contribution plan	**36**	32
	823	739

No inducement fee nor compensation for loss of office has paid to or is receivable by any of these individuals (2019: Nil).

9 EMPLOYEE BENEFITS EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

	Year ended 31 March	
	2020	2019
Emolument bands		
Nil to HK$1,000,000	**2**	2

10 FINANCE COSTS

	Year ended 31 March	
	2020	2019
	HK$000	HK$000
Interest expense on lease liabilities (Note 19)	**34**	–

11 SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 March 2020 and 2019:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Paid up issued share capital	Direct and indirect ownership 2020	Direct and indirect ownership 2019
Directly held:					
Termbray Electronics (B.V.I.) Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	100 ordinary shares of US$1 each	**100%**	100%
Indirectly held:					
Ever Success Properties Limited	Hong Kong, limited liability company	Investment holding in the PRC	100 ordinary shares of HK$1 each	**100%**	100%
Termbray (China) Land Development Company Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	10,000 ordinary shares of HK$1 each	**100%**	100%
Termbray (Fujian) Land Development Company Limited	Hong Kong, limited liability company	Property investment in Hong Kong	10,000 ordinary shares of HK$1 each	**100%**	100%
Termbray (Guangzhou) Land Development Company Limited	Hong Kong, limited liability company	Property holding in Hong Kong	10,000 ordinary shares of HK$1 each	**100%**	100%
Termbray Electronics Company Limited	Hong Kong, limited liability company	Investment holding and treasury activities in Hong Kong	2 ordinary shares of HK$100 each and 10,000 non-voting deferred shares of HK$100 each	**100%**	100%
X8 Finance Limited	Hong Kong, limited liability company	Money lending business in Hong Kong	1 ordinary share of HK$1 each	**100%**	100%
Zhongshan Ever Success Properties Limited	The PRC, limited liability company	Property development in the PRC	Registered capital of RMB1,500,000	**100%**	100%

12 INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations.

For the year ended 31 March 2020, Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for the first HK$2,000,000 of assessable profit which is calculated at 8.25% in accordance with the two-tiered tax rate regime (2019: 16.5%).

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	Year ended 31 March	
	2020	2019
	HK$000	HK$000
Current income tax		
– PRC enterprise income tax	**656**	2,259
– PRC Land Appreciation Tax ("LAT")	**1,119**	178
– Hong Kong profits tax	**911**	257
– (Over)/under-provision in prior years	**(24)**	5,736
	2,662	8,430
Deferred income tax (Note 25)	**(301)**	(58)
Income tax expense	**2,361**	8,372

12 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise as follows:

	Year ended 31 March	
	2020	2019
	HK$000	HK$000
Loss before income tax	**(24,622)**	(11,508)
Tax calculated at domestic tax rates applicable to profits in the respective places of business	**(4,402)**	(1,899)
Income not subject to tax	**(321)**	(620)
Expenses not deductible for tax purposes	**6,455**	4,595
Tax effect of tax losses not recognised	**–**	440
Tax effect of LAT	**818**	120
Tax concession	**(165)**	–
(Over)/under-provision in prior years	**(24)**	5,736
Income tax expense	**2,361**	8,372

The weighted average applicable tax rate for the year ended 31 March 2020 was 17.9% (2019: 16.5%). The increase is caused by a change in the profitability of the Company and its subsidiaries having different tax rates in the respective places of business.

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 April 2008 and applies to earnings after 31 March 2008. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, deferred income tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

13 LOSS PER SHARE

13.1 Basic loss per share

Basic loss per share are calculated by dividing the loss of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Year ended 31 March	
	2020	2019
Loss attributable to owners of the Company (HK$'000)	**(26,983)**	(19,880)
Weighted average number of ordinary shares in issue ('000)	**1,957,643**	1,957,643
Basic loss per share (HK cents)	**(1.38)**	(1.02)

13.2 Diluted loss per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 March 2020 and 2019 and hence the diluted loss per share is the same as the basic loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Furniture, fixtures, equipment and leasehold improvements HK$'000	Motor vehicles HK$'000	Leased office premise HK$'000	Total HK$'000
31 March 2020						
Cost or valuation:						
At 31 March 2019 (as presented)	395,000	14,000	10,238	5,900	–	425,138
Adjustment on adoption of HKFRS 16	–	–	–	–	1,136	1,136
At 1 April 2019 (as restated)	395,000	14,000	10,238	5,900	1,136	426,274
Disposals	–	–	(106)	–	–	(106)
Loss on revaluation	(16,610)	(390)	–	–	–	(17,000)
At 31 March 2020	378,390	13,610	10,132	5,900	1,136	409,168
Accumulated depreciation and impairment:						
At 1 April 2019	–	–	9,995	5,865	–	15,860
Provided during the year (Note 7)	5,096	740	20	35	470	6,361
Disposals	–	–	(37)	–	–	(37)
Gain on revaluation	(5,096)	(740)	–	–	–	(5,836)
At 31 March 2020	–	–	9,978	5,900	470	16,348
Net book value						
At 31 March 2020	378,390	13,610	154	–	666	392,820
An analysis of cost or valuation:						
At cost model	–	–	154	–	666	820
At revalued amount	378,390	13,610	–	–	–	392,000
	378,390	13,610	154	–	666	392,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land HK$'000	Buildings HK$'000	Furniture, fixtures, equipment and leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2019					
Cost or valuation:					
At 1 April 2018	395,000	14,000	9,984	5,900	424,884
Additions	–	–	158	–	158
Acquisition of a subsidiary	–	–	96	–	96
At 31 March 2019	395,000	14,000	10,238	5,900	425,138
Accumulated depreciation and impairment:					
At 1 April 2018	–	–	9,984	5,786	15,770
Provided during the year (Note 7)	5,021	690	11	79	5,801
Gain on revaluation	(5,021)	(690)	–	–	(5,711)
At 31 March 2019	–	–	9,995	5,865	15,860
Net book value					
At 31 March 2019	395,000	14,000	243	35	409,278
An analysis of cost or valuation:					
At cost model	–	–	243	35	278
At revalued amount	395,000	14,000	–	–	409,000
	395,000	14,000	243	35	409,278

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual value, as follows:

Leasehold land	Over the term of the lease
Leased office premise	3 years
Buildings	40 years or over the remaining lease term of the land on which the buildings are situated, if shorter
Furniture, fixtures and equipment and leasehold improvements	5 – 10 years
Motor vehicles	5 – 7 years

At 31 March 2020 and 2019, certain leasehold land and buildings in Hong Kong is used as accommodation to certain directors of the Company.

The Group has accounted for leasehold land and buildings using the revaluation model.

(a) Valuation process of the Group

The Group's leasehold land and buildings were valued at 31 March 2020 and 2019 by independent professionally qualified valuer, Vigers Appraisal & Consulting Ltd ("Vigers"), who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the leasehold land and buildings valued. For all leasehold land and buildings, their current use equates to the highest and best use. The resulting loss arising on revaluation of HK$11,164,000 (2019: gain of HK$5,711,000) has been debited (2019: credited) to the property revaluation reserve. There is no restriction on the distribution of the property revaluation reserve to the shareholders. If the leasehold land and buildings had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of approximately HK$37,490,000 (2019: HK$38,004,000).

The recurring fair value measurements for leasehold land and buildings are included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between 1, 2 and 3 during the year.

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Valuation techniques

The valuation of the property was determined using the direct comparison method (Level 3 approach) by making reference to comparable market transactions for similar properties. The most significant input into this valuation approach is unit sale price, taking into account the differences in transaction time, location, frontage and size, etc. between the comparables and the property, amounts to HK$26,800 and HK$109,000 (2019: HK$28,100 and HK$113,700) respectively, per square foot on saleable area basis. An increase in the unit sale price adopted would result in an increase in the fair value measurement of the leasehold land and buildings by the same magnitude, and vice versa.

15 INVESTMENT PROPERTY

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Opening net book amount	**187,000**	187,000
Fair value loss on revaluation (Note 6)	**(7,000)**	–
Closing net book amount	**180,000**	187,000

At 31 March 2020 and 2019, the investment property of the Group was let out to Mr. Lee Wing Keung, a son of certain directors of the Company, details of which are set out in Note 34.

The Group leases out its land and buildings under non-cancellable operating lease arrangements. The lease term is 3 years (2019: 3). The Group has classified these leases as operating leases. Rental income from this investment property for the year amounted to HK$1,952,000 (2019: HK$1,956,000). Direct operating expense incurred for investment property that generated rental income during the year amounted to HK$395,000 (2019: HK$299,000).

15 INVESTMENT PROPERTY (CONTINUED)

The accounting policies applicable to lessors in the comparative period are not different from HKFRS 16. The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor, except for a sub-lease. When the Group is an intermediate lessor, the sub-lease is classified with reference to the underlying asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'. The Group has accounted for its lease in accordance with HKFRS 16 from the date of initial application. Refer to Note 32 for disclosures of minimum lease payments receivables on leases of investment property.

(a) Valuation process of the Group

The Group's investment property was valued at 31 March 2020 and 2019 by independent professionally qualified valuer, Vigers, who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment property valued. For the investment property, its current use equates to the highest and best use. The fair value losses are included in "Other losses, net" in the consolidated statement of profit or loss.

The recurring fair value measurement for investment property is included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between 1, 2 and 3 during the year.

(b) Valuation techniques

The valuation of investment property was determined using the direct comparison method (Level 3 approach) by making reference to comparable market transactions for similar properties. The most significant input into this valuation approach is unit sale price, taking into account the differences in transaction time, location, frontage and size, etc. between the comparables and the property, of HK$56,250 (2019: HK$58,400) per square foot on saleable area basis. An increase in the unit sale price adopted would result in an increase in the fair value measurement of the investment property by the same magnitude, and vice versa.

16 COMPLETED PROPERTIES FOR SALE

The completed properties for sale are stated at the lower of cost and net realisable value. No impairment loss is recognised for the years ended 31 March 2020 and 2019.

17 LOAN RECEIVABLES

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Gross loan receivables – property mortgage loans	**110,848**	44,504
Less: Provision for impairment – Stage 1	**(82)**	–
Loan receivables, net of provision	**110,766**	44,504
Less: Non-current portion	**(91,957)**	(22,892)
Current portion	**18,809**	21,612

The Group's loan receivables, which arise from the money lending business of providing property mortgage loans in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

Loan receivables are secured by collaterals provided by customers, interest-bearing and repayable with fixed terms agreed with the customers.

The Group's maximum credit risk exposure of loan receivables as at year ended 31 March 2020 is set out in Note 3.1(b).

17 LOAN RECEIVABLES (CONTINUED)

A maturity profile of the loan receivables as at the end of the reporting period, based on the maturity date, net of provision, is as follows:

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Within one year	**18,809**	21,612
1 to 2 years	**6,052**	663
2 to 5 years	**19,214**	2,342
Over 5 years	**66,691**	19,887
	110,766	44,504

18 INTEREST RECEIVABLES

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Gross interest receivables – property mortgage loans	**313**	99

The Group's interest receivables, which arise from the money lending business of providing property mortgage loans in Hong Kong, are denominated in Hong Kong dollars and the carrying amounts approximate their fair values.

Interest receivables are secured by collaterals provided by customers and repayable with fixed terms agreed with the customers. The maximum exposure to credit risk at each of the reporting dates is the carrying value of the receivables mentioned above.

Interest receivables as at the end of the reporting period, net of provision, have maturities within one year.

19 LEASE LIABILITIES

(a) Amounts recognised in the consolidated statement of financial position

	As at 31 March 2020 HK$'000
Lease liabilities	
Current portion	475
Non-current portion	203
	678

(b) Amounts recognised in the consolidated statement of profit or loss

	Year ended 31 March 2020 HK$'000
Interest expense on lease liabilities	34
Expenses relating to short-term leases	958

The total cash outflow for leases in 2020 was HK$1,450,000.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Financial assets at amortised cost		
Loan receivables (Note 17)	**110,766**	44,504
Interest receivables (Note 18)	**313**	99
Deposits and other receivables (Note 21)	**1,777**	1,845
Pledged bank deposit (Note 23)	**2,000**	2,000
Cash and cash equivalents (Note 24)	**187,827**	262,015
	302,683	310,463
Financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss (Note 22)	**167**	374
	302,850	310,837
Financial liabilities at amortised cost		
Other payables and accruals (Note 28)	**2,803**	4,365
Amount due to a related company (Note 29)	**2,494**	2,099
Lease liabilities (Note 19)	**678**	–
	5,975	6,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Prepayments	**201**	246
Deposits	**623**	700
Other receivables	**1,154**	1,145
	1,978	2,091

The carrying amounts of the Group's deposits, prepayments and other receivables approximate their fair values and are mainly denominated in the following currencies:

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
HKD	**1,934**	2,056
RMB	**44**	35
	1,978	2,091

22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Equity securities held for trading	**167**	374

The financial assets are listed instruments denominated in Hong Kong dollars and are classified as current assets.

23 PLEDGED BANK DEPOSIT

As at 31 March 2020, a pledged bank deposit of HK$2,000,000 (2019: HK$2,000,000) was pledged to a bank as security in respect of mortgage loans granted to property purchasers by banks. The pledge would be released upon delivering the building ownership certificate of the respective property by the customers to the banks as a pledge for security to the mortgage loan granted.

Pledged bank deposit carries interest at effective interest rates at 0.01% (2019: 0.01%) per annum. The carrying amount of pledged bank deposit approximates its fair value and is denominated in RMB (2019: RMB).

24 CASH AND CASH EQUIVALENTS

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Cash at bank and on hand	**187,827**	262,015
Maximum exposure to credit risk	**187,827**	262,015

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in the following currencies:

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
HKD	**83,676**	152,276
RMB	**103,741**	109,323
Others	**410**	416
	187,827	262,015

Cash and bank balances of the Group denominated in RMB which are deposited with the banks in the PRC are not freely convertible into other currencies. The Group can apply to exchange RMB for other currencies through banks authorised to conduct foreign exchange business under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

25 DEFERRED INCOME TAX

All deferred income tax assets/(liabilities) of the Group are expected to be recovered after more than 12 months. The gross movement in deferred income tax account is as follows:

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Deferred income tax assets		
At beginning of the year	**2,600**	2,716
Credited to profit or loss (Note 12)	**301**	58
Exchange differences	**(185)**	(174)
At end of the year	**2,716**	2,600
Deferred income tax liabilities	**(238)**	(238)

The movement in deferred income tax during the year, without taking into consideration the offsetting of balances within the same jurisdiction, are as follows:

Deferred income tax assets/(liabilities)

	Land appreciation tax	**Accelerated accounting depreciation**	**Total**
	HK$'000	**HK$'000**	**HK$'000**
At 1 April 2018	2,716	(238)	2,478
Credited to profit or loss	58	–	58
Exchange differences	(174)	–	(174)
At 31 March 2019	2,600	(238)	2,362
At 1 April 2019	2,600	(238)	2,362
Credited to profit or loss	301	–	301
Exchange differences	(185)	–	(185)
At 31 March 2020	**2,716**	**(238)**	**2,478**

25 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets/(liabilities) (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$13,300,000 (2019: HK$13,300,000) in respect of losses amounting to HK$80,607,000 (2019: HK$80,607,000) that can be carried forward against future taxable income.

Pursuant to the relevant PRC corporate income tax rules and regulations, deferred tax on withholding tax is imposed on declared dividends in respect of profit earned by the Group's PRC subsidiaries from 1 January 2008.

Deferred income tax liabilities of approximately HK$5,406,000 (2019: approximately HK$5,036,000) as at 31 March 2020 have not been provided for in the consolidated statement of financial position in respect of temporary differences attributable to accumulated profits of the Group's certain PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

26 SHARE CAPITAL

	Number of ordinary Shares '000	Normal value of ordinary shares HK$'000
Authorised:		
Ordinary share of HK$0.08 each at 1 April 2018, 31 March 2019 and 2020	2,800,000	224,000
Issued and fully paid:		
At 1 April 2018, 31 March 2019 and 2020	1,957,643	156,611

27 RESERVES

The amount of the Group's reserve and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 54 of this consolidated financial statements.

28 OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Rental deposits	**439**	468
Accrued audit fee	**1,000**	1,256
Accrued repair and maintenance fee	**839**	839
Accrued employee benefits expenses	**360**	480
Other payables and accrued expenses	**525**	1,802
Other payables and accruals	**3,163**	4,845
Contract liabilities (Note (i))	**798**	1,650

28 OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES (CONTINUED)

Note:

(i) The Group receives a fixed sum as deposits from customers when they sign the sale and purchase agreement. These deposits are recognised as contract liabilities until the customers obtain control of the completed properties. Revenue recognised in relation to contract liabilities:

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Revenue recognised that was included in the contract liabilities balance at beginning of the year	**1,650**	3,560

The carrying amounts of the Group's other payables and accruals and contract liabilities approximate their fair values and are denominated in following currencies:

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
HKD	**1,794**	2,226
RMB	**2,167**	4,269
	3,961	6,495

29 AMOUNT DUE TO A RELATED COMPANY

The balance is unsecured, interest-free and repayable on demand. The carrying amounts of these balances approximate their fair values and are denominated in Hong Kong dollars.

30 CASH FLOW INFORMATION

(a) Reconciliation of loss before income tax to cash used in operations:

		Year ended 31 March	
	Note	**2020 HK$'000**	2019 HK$'000
Loss before income tax		**(24,622)**	(11,508)
Adjustments for:			
Interest income on bank deposits	6	**(1,116)**	(784)
Depreciation of property, plant and equipment	7	**6,361**	5,801
Interest expense on lease liabilities	10	**34**	–
Provision for impairment of loans and interest receivables	8	**82**	–
Fair value loss on investment property	6	**7,000**	–
Fair value losses on financial assets at fair value through profit or loss	6	**207**	353
Losses on disposal of property, plant and equipment	6	**69**	–
Unrealised net exchange losses	6	**12,891**	14,443
		906	8,305
Changes in working capital:			
Completed properties for sale		**1,182**	6,719
Loan receivables		**(66,344)**	(44,504)
Interest receivables		**(214)**	(99)
Deposits, prepayments and other receivables		**113**	(130)
Other payables and accruals		**(1,682)**	(3,785)
Contract liabilities		**(852)**	1,650
Amount due to a related company		**395**	399
Cash used in operations		**(66,496)**	(31,445)

30 CASH FLOW INFORMATION (CONTINUED)

(b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 31 March	
	2020	2019
	HK$'000	HK$'000
Net book amount (Note 14)	**69**	–
Losses on disposal of property, plant and equipment (Note 6)	**(69)**	–
Proceeds from disposals of property, plant and equipment	**–**	–

(c) Reconciliation of liabilities arising from financing activities

	Lease liabilities
	HK$'000
At 31 March 2019	–
Recognised on adoption of HKFRS 16 (Note 2.1.1(c))	(1,136)
At 1 April 2019	(1,136)
Cash flows	**492**
Interest expense	**(34)**
At 31 March 2020	**(678)**

31 CONTINGENCIES

The Group and the Company did not have any material contingent liabilities as at 31 March 2020 (2019: Nil).

32 COMMITMENTS

(a) Operating lease commitments – Group as lessee

The Group leases its office property under non-cancellable operating lease agreements. At 31 March 2019, the Group had future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 March 2019 HK$'000
No later than one year	843
Later than one year and not later than five years	738
	1,581

From 1 April 2019, the Group has recognised right-of-use assets and lease liabilities for non-cancellable operating leases as lessee, except for short-term and low-value leases, see note 2.1.1(c) for further information.

(b) Operating lease commitments – Group as lessor

The Group's investment property of HK$180,000,000 (2019: HK$187,000,000) was let out under operating leases.

Certain properties held for sale with carrying amounts of HK$4,802,000 (2019: HK$6,786,000) were also let out under operating leases. The directors of the Company considered that the properties held for sale are remained as properties held for sale by taking into accounts of the fact the Group has put selling effort to sell the said properties and actual sales were incurred during the year. The Group has engaged certain property agents to search potential buyers, set up a sales office to support the sales activities and there are advertisements to boost the sales. Moreover, the properties held for sale let out are under short term leases in order to allow the flexibility to control the number of residential units available for sale. The management has been actively marketing these properties held for sale at a price that is reasonable to its current fair value.

All of the properties leased out have committed tenants for the next three years (2019: two years).

32 COMMITMENTS (CONTINUED)

(b) Operating lease commitments – Group as lessor (Continued)

The future aggregate minimum lease payments receivables under non-cancellable operating leases are as follows:

	As at 31 March	
	2020	2019
	HK$'000	HK$'000
Less than one year	**1,899**	1,996
One to two years	**1,860**	2
Two to three years	**1,780**	–
	5,539	1,998

33 ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 1 August 2018, the Group acquired 100% of the issued share capital of X8 Finance Limited ("X8") at a cash consideration of HK$193,000, from a related company in which a director, Mr. Lee Lap, has beneficial interest. X8 holds a license for money lending business in Hong Kong. At the date of acquisition, X8 had not yet commenced any business.

34 RELATED PARTY DISCLOSURES

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) Other than the amount due to a related party (Note 29), the Company's related party transactions are as follows:

	Year ended 31 March	
	2020	2019
	HK$000	HK$000
Transactions with related parties:		
Administrative expense (Note i)	**486,000**	486,000
Rental income (Note ii)	**1,951,871**	1,956,000
	2,437,871	2,442,000

Note:

(i) Pursuant to the tenancy agreements entered into between Panda Investment Company Limited ("Panda Investment") and the Group, the Group leased certain office premises of Panda Investment during the year at the agreed rental of HK$486,000 (2019: HK$486,000) per annum. Panda Investment is a wholly owned subsidiary of Lee & Leung Family Investment Limited, the ultimate parent of the Company.

(ii) Pursuant to tenancy agreements entered into between Mr. Lee Wing Keung, a son of certain directors of the Company, and the Group, the Group leased its land and building to Mr. Lee Wing Keung for a term of three years from 16 March 2017 to 15 March 2020 at monthly rental of HK$163,000 (exclusive of rates, management fee and utility charges) ("Existing Tenancy Agreement").

On 4 March 2020, the Group renewed the Existing Tenancy Agreement with Mr. Lee Wing Keung for a term of three years from 16 March 2020 to 15 March 2023 at a monthly rent of HK$155,000 (exclusive of rates, management fee and utility charges) ("2020 Tenancy Agreement").

The rental income recognised by the Group during the current year from the Existing Tenancy Agreement is HK$1,872,000 (2019: HK$1,956,000) and from the 2020 Tenancy Agreement is HK$80,000.

(b) In the opinion of the directors, the directors of the Company represented the key management personnel of the Company. During the year, HK$7,447,000 (2018: HK$9,407,000) was paid to the key management personnel, details of which are set out in note 36.

35 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	As at 31 March	
	2020 **HK$'000**	2019 HK$'000
ASSETS		
Non-current assets		
Investment in subsidiaries (Note)	**919,234**	956,126
Current assets		
Cash and cash equivalents	**2,454**	2,815
Other current assets	**329**	580
	2,783	3,395
Total assets	**922,017**	959,521
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	**156,611**	156,611
Reserves	**751,987**	791,736
Total equity	**908,598**	948,347
Liabilities		
Current liabilities		
Amount due to a subsidiary	**12,404**	9,734
Other current liabilities	**1,015**	1,440
Total liabilities	**13,419**	11,174
Total equity and liabilities	**922,017**	959,521

Note: The Company's balance of investments in subsidiaries represents its investment cost and the deemed investments arising from the waiver of amounts due from subsidiaries pursuant to the relevant written statements made by the Company on 1 April 2015.

35 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Reserve movement of the Company

	Share premium HK$'000	Contributed surplus (Note) HK$'000	Retained earnings HK$'000
At 1 April 2018	404,370	191,810	198,221
Loss and total comprehensive income for the year	–	–	(2,665)
At 31 March 2019	404,370	191,810	195,556
At 1 April 2019	404,370	191,810	195,556
Loss and total comprehensive loss for the year	–	–	(20,130)
At 31 March 2020	**404,370**	**191,810**	**175,426**

Note: The contributed surplus represents the difference between the shareholders' funds of the subsidiaries acquired and the nominal amount of the Company's share issued as consideration for the acquisition at the time of the group reorganisation implemented prior to the listing of the Company's shares in 1991.

36 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) Directors' and senior management's emoluments

The remuneration of the directors of the Company is set out below:

	Year ended 31 March 2020			
Name	Fees HK$'000	Basic salaries, allowances and benefits-in-kind HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive director				
Mr. Lee Lap	–	3,702	–	3,702
Mdm. Leung Lai Ping (Note (i))	–	1,503	–	1,503
Mr. Wong Shiu Kee	–	1,500	75	1,575
Mr. Tommy Lee (Note (ii))	–	240	12	252
Non-executive directors				
Mr. Lee Ka Sze, Camelo (Note (iii))	55	–	–	55
Independent non-executive directors				
Mr. Lo Yiu Hee	120	–	–	120
Mr. Tong Hin Wor	120	–	–	120
Mr. Ching Yu Lung	120	–	–	120
	415	6,945	87	7,447

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(a) Directors' and senior management's emoluments (Continued)

		Year ended 31 March 2019		
Name	Fees	Basic salaries, allowances and benefits-in-kind	Employer's contribution to a retirement benefit scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Executive director				
Mr. Lee Lap	–	3,800	–	3,800
Mdm. Leung Lai Ping (i)	–	3,300	–	3,300
Mr. Wong Shiu Kee	–	1,500	75	1,575
Mr. Tommy Lee (Note (ii))	–	240	12	252
Non-executive directors				
Mr. Lee Ka Sze, Camelo (iii)	120	–	–	120
Independent non-executive directors				
Mr. Lo Yiu Hee	120	–	–	120
Mr. Tong Hin Wor	120	–	–	120
Mr. Ching Yu Lung	120	–	–	120
	480	8,840	87	9,407

(i) The director resigned on 13 September 2019.

(ii) The director is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as chief executive.

(iii) The director retired on 13 September 2019.

36 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2019: Nil).

(c) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the year ended 31 March 2020 (2019: Nil).

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

No loans, quasi-loans and other dealings were made available in favour of directors, body corporates controlled by and connected entities with such directors subsisted at the end of the year or at any time during the year 31 March 2020 (2019: Nil).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year 31 March 2019 (2019: Nil).

During the year, the leasehold land and buildings of the Group with a rateable value of HK$3,600,000 (2019: HK$3,600,000) were provided as accommodation to certain directors of the Company and has been included in basic salaries, allowances and benefits-in-kind disclosed above.

37 EVENT AFTER THE REPORTING PERIOD

From late January 2020, the outbreak of Coronavirus Disease 2019 (the "COVID-19 outbreak") was rapidly evolving globally. Since then, the economic and financial markets have been significantly impacted. The Group applies the fair value model and revaluation model to measure its investment property and leasehold land and buildings respectively. Due to uncertainties of new developments regarding the COVID-19 outbreak, management expects that fair value may be subject to fluctuation subsequent to year end. The Group will continue to pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the Group's financial position and operation results.

LIST OF MAJOR PROPERTIES

PROPERTIES FOR SALE

Property location	Use	Approximate gross floor area Sq.m.	Group's Attribution interest %
90-124 An Lan Road, Zhongshan, Guangdong Province	Commercial and car park	15,152	100
	Residential	7,079	100

FIVE YEAR FINANCIAL SUMMARY

The following tables summarize certain consolidated financial information in respect of the Group's results, assets and liabilities for the last five financial years, as extracted from the audited financial statements.

CONSOLIDATED RESULTS

	Year ended 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (restated)
Revenue	**14,869**	30,594	34,089	39,496	12,449
(Loss) profit before taxation	**(24,622)**	(11,508)	91,908	(130,445)	(395,418)
Taxation	**(2,361)**	(8,372)	(8,715)	(1,932)	(663)
(Loss) profit for the year attributable to owners of the Company	**(26,983)**	(19,880)	83,193	(132,387)	(396,081)

FIVE YEAR FINANCIAL SUMMARY

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 March				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (restated)
Non-current assets					
Property, plant and equipment	**392,820**	409,278	409,114	366,592	40,654
Investment property	**180,000**	187,000	187,000	162,300	143,800
Deferred income tax assets	**2,716**	2,600	2,716	–	–
Loan receivables	**91,957**	22,892	–	–	–
Investment in an associate	**–**	–	–	115,047	222,614
Pledged bank deposits	**2,000**	2,000	2,000	2,000	2,000
Current assets	**264,194**	346,714	378,369	362,725	417,953
TOTAL ASSETS	**933,687**	970,484	979,199	1,008,664	827,021
CURRENT LIABILITIES	**(24,886)**	(25,920)	(21,554)	(16,825)	(22,524)
NON-CURRENT LIABILITIES	**(441)**	(238)	(238)	(237)	(236)
NET ASSETS	**908,360**	944,326	957,407	991,602	804,261
Equity attributable to equity holders of the Company	**908,360**	943,909	956,990	991,185	803,844
Non-controlling interests	**–**	417	417	417	417
TOTAL EQUITY	**908,360**	944,326	957,407	991,602	804,261

FIVE YEAR FINANCIAL SUMMARY

PER SHARE DATA

	Year ended 31st March				
	2020	2019	2018	2017	2016
	HK cents	HK cents	HK cents	HK cents	HK cents (restated)
Basic (loss) earnings per share	**(1.38)**	(1.02)	4.25	(6.76)	(20.23)
Dividends per share					
Interim dividend (note 2)	**–**	–	8.71	–	–
Final dividend	**–**	–	–	–	–
Net asset value per share	**46.40**	48.24	48.91	50.65	41.08

Note 1: The financial information for the year ended 31 March 2016 was restated due to the Group changed its accounting policy to account for investment property from cost model to fair value model.

Note 2: The Company distributed a special interim dividend of 524,648,320 shares of Petro-king with a fair value of approximately HK$170,511,000 to its shareholders for the year ended 31 March 2018.