HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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The directors of the Company have pleasure in presenting their annual report and the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 March 2021.

Principal activities

The Company is an investment holding company. The Group is principally engaged in (i) anti-aging and stem cell technology businesses; (ii) trading business; (iii) money lending business; and (iv) securities investment business. The activities of its principal subsidiaries are set out in note 32 to the consolidated financial statements.

Result and appropriations

The results of the Group and appropriations of the Company are set out in the consolidated statement of profit or loss and other comprehensive income on pages 12 to 13 and in the note 33 to the consolidated financial statements respectively.

The directors do not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: nil).

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 16 and note 33 to the consolidated financial statements respectively.

Property, plant and equipment

Details of the movements in property, plant and equipment are set out in note 12 to the consolidated financial statements.

Share capital

Details of the movements in share capital of the Company are set out in note 24 to the consolidated financial statements.

Directors

The directors who held office during the year and up to the date of this report are:

Lu Zhiqiang	
Chui Kwong Kau	
Sun Yu	(Resigned on 31 January 2021)
Zhang James Jian Yuan	(Resigned on 30 July 2021)
Cheung Fan Karen	
Lau Ngai Cheung	
Hung Yat Ming	(Resigned on 31 December 2020)
Chan Yun Hing	(Resigned on 31 December 2020)
Tang Hua	

Directors of subsidiaries

Other than the directors named in the above section headed "Directors", the persons who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report included:

Lin Xiongbin
Lin Kao-Kun
Tong Cheuk Fung
Huang Xinsong

Permitted indemnity provision

At no time during the year or up to the date of approval of this report, were or are there any permitted indemnity provisions in force for the benefit of any directors of the Company, its holding companies, subsidiaries and any of its fellow subsidiaries.

Directors' interests in transactions, arrangements or contracts

Save as disclosed in note 30 to the consolidated financial statements, no transactions, arrangement or contracts of significance to which the Company, its subsidiaries was a party and in which directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in shares and debentures

At no time during the year was the Company, its subsidiaries was 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.

Equity-linked agreement

Neither the Company entered into any equity-linked agreements during the year nor any equity-linked agreements entered into by the Company subsisted at the end of the year.

Business review

The Group is principally engaged in (i) anti-aging and stem cell technology businesses; (ii) trading business; (iii) money lending business; and (iv) securities investment business. The Group has been continuing its existing business operations before and after the cancellation of listing (the "**Cancellation of Listing**") of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 14 September 2020.

Reference is made to the announcement on 9 September 2020 in relation to the Cancellation of Listing, due to the sudden and rapid outbreak of the novel coronavirus ("**COVID-19**") in Hong Kong, China and the world as well as the continuous civil unrest and the disruption in Hong Kong society during the past years, the economy of Hong Kong and China have been unavoidably adversely affected and has continued to cause serious and adverse effect on the Group's existing operations and hindered the Group's potential business development. During the year ended 31 March 2021 (the "**Year**") and up to the date of this report, COVID-19 remained challenging to the Group because of the new variants and renewed outbreaks. The directors of the Company (the "**Directors**") are monitoring the operation and continue to assess and react actively to the impact of COVID-19 on the Group's operations, financial position, financial performance and cash flows accordingly.

- Anti-aging and stem cell technology businesses
During the Year, the Group disposed of certain subsidiaries (the "**Disposed Group**") for the anti-aging and stem cell technology businesses and recorded a gain on disposal of subsidiaries of approximately HK$26.8 million, details of which are set out in the notes 30(c), 30(d) and 32(c). The Directors considered that the disposal of subsidiaries enabled the Group to avoid further capital injection and further losses that will be incurred by Disposed Group and the Group could be able to focus its resources in the remaining business. During the Year, the anti-aging and stem cell technology businesses did not contribute any revenue to the Group (2020: HK$0.1 million).

- Trading business
During the Year, the trading business did not contribute any revenue to the Group (2020: HK$113.8 million) and record an impairment loss of approximately HK$36.0 million due to all trade receivables are more than 90 days past due and the Group, based on the current and forward-looking information on macroeconomic factors, considered that the debtors are unlikely to settle such receivables.

- Money Lending Business
The Group conducted its money lending business through Asia Honest Finance Limited, a direct wholly-owned subsidiary of the Company, which held a money lenders licence under the Money Lenders Ordinance (Cap. 163, Laws of Hong Kong). The license expired in February 2021. The Group will re-apply the license where appropriate.

During the Year, the revenue from money lending business was approximately HK$0.7 million (2020: HK$12.7 million) and recorded reversal of impairment loss on loan receivables and loan interest receivables of approximately HK$1.6 million (2020: HK$0.6 million). As at 31 March 2021, the loan receivables and loan interest receivables (net of impairment loss) amount to nil (2020: nil). The Group will take appropriate actions to recover overdue loan receivables and will closely monitor the situation.

Business review (continued)

- Securities Investments Business
As at 31 March 2021, the held-for-trading investments in the listed company in Hong Kong of the Group was nil (2020:HK$ 0.2 million). During the Year, the Group did not dispose any held-for-trading investment (2020: nil) and record the unrealized loss on held-for-trading investments of approximately HK$0.2 million (2020: HK$0.7 million), representing the fair value change in such investments.

- Investment Properties
In June 2017, the Group acquired the investment properties situated at Lantau Island, Hong Kong (the "**Property**") which is mainly designated for the development of private house for sale. The Property being all those pieces or parcels of ground registered in the Land Registry as LOTS NOS. 484, 489, 491, 492, 493, 530, 533, 535, 550, 553, 556, 571, 574, 608, 612, 615, 618, 619, 623, 625 AND 644 ALL IN DEMARCATION DISTRICT NO. 311 TOGETHER with the messages erections and buildings thereon (if any).

As at 31 March 2021, the fair value of the Property was approximately HK$24.9 million (2020: HK$43.0 million). The Group has carried out an annual review of the valuation of the Property. Based on the valuation report prepared by an independent surveyor, the fair value loss of investment property for the Year was approximately HK$18.1 million (2020: HK$2.0 million). The Board is considering different plans for various possibilities on the Property but no conclusion has been reached yet.

- Loss for the Year
As a result of the foregoing, the loss for the year attributable to owners of the Company was approximately HK$42.7 million (2020: HK$219.5 million).

- Prospect
The Board will continue to adjust the Group's development strategy according to the economic and market changes. In this regard, the Group will closely monitor its cash position and constantly keep reviewing its strategies and operations with a view to improving its business liquidity and align the interest of the shareholders of the Company.

Reference is made to the circular (the "**Circular**") and notice of extraordinary general meeting (the "**EGM Notice**") of the Company dated 31 May 2021 in relation to the proposed capital reorganisation (the "**Capital Reorganisation**"), adoption of new memorandum and articles of association (the "**Adoption of New M&A**") and placing of new shares under specific mandate (the "**Placing**"). Unless otherwise stated, capitalized terms used in this report shall have the same meanings as those defined in the Circular and EGM Notice.

Capital Reorganisation:

1. Share Consolidation: Every ten (10) issued and unissued Existing Shares of par value of HK$0.04 each will be consolidated into one (1) share of par value of HK$0.40 each; immediately after the Share Consolidation, the total number of Consolidated Shares in the issued share capital of the Company will be rounded down to the nearest whole number by cancelling any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation;

Business review (continued)

- Prospect (continued)

2. Capital Reduction: immediately after the Share Consolidation, the par value of each of the then issued Consolidated Shares will be reduced from HK$0.40 to HK$0.01 each by cancelling the paid-up share capital of the Company to the extent of HK$0.39 on each of the then issued Consolidated Shares; and

3. Sub-division: immediately after Capital Reduction, each of the authorised but unissued Consolidated Shares of par value HK$0.40 each will be sub-divided into 40 New Shares of HK$0.01 each.

Adoption of New M&A

In connection with the delisting of the Company from the Stock Exchange on 14 September 2020, the Company proposed to adopt a new set of Memorandum and Articles in compliance with Cayman laws to replace, respectively, the existing memorandum and articles of association.

Placing

After the Capital Reorganisation, on best effort basis that no Shares are issued or repurchased by the Company during the period between the Latest Practicable Date and the date of the EGM, the Directors will be authorised to allot, issue and deal with up to a maximum of 455,071,744 New Shares, representing 80% of the total issued share capital of the Company at HK$0.01 each to no more than 20 placees who and whose ultimate beneficial owners are Independent Third Parties. The proceeds from the Placing will be used as general working capital.

Pursuant to the EGM held on 22 June 2021, the special and ordinary resolutions approving the Capital Reorganisation, Adoption of New M&A and Placing were duly passed by way of poll. Details of which are disclosed in the Company's announcement dated 22 June 2021. On 18 November 2021, the Company received a copy of the order confirming the Capital Reduction approved by the Court containing the particulars required under the Companies Act of the Cayman Islands with respect to the Capital Reduction was filed and duly registered with the Registrar of Companies in the Cayman Islands on 17 November 2021 (Cayman Islands time). Since all the conditions precedent for the implementation of the Capital Reorganisation and adoption of new Memorandum and Articles have been fulfilled. Accordingly, the Capital Reorganisation and adoption of new Memorandum and Articles became effective on Thursday, 18 November 2021 (Hong Kong time). Details of which are disclosed in the Company's announcement dated 22 November 2021.

- Liquidity, Financial Resources and Capital structure

As at 31 March 2021,

(a) the Group had net current liabilities approximately HK$10.4 million (2020: current assets of approximately HK$8.8 million) and the cash and bank balances were approximately HK$1.2 million (2020: HK$20.9 million);
(b) the Group had no outstanding interest-bearing borrowings (2020: Nil);
(c) the gearing ratio of the Group, being the ratio of total liabilities to total assets, was approximately 138.4% (2020: 71.0%);
(d) the Group's total equity attributable to the owners of the Company amounted to approximately HK$36.0 million (2020: HK$75.8 million). The capital of the Company mainly comprises ordinary shares (the "Shares") and capital reserves.

Business review (continued)

- Environmental Policies and Performance

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. In view of the above and as at the date of this report, the Group complies with environmental legislation, encourages environmental protection and promotes environmental protection awareness to all employees of the Group.

- Relationships with Employees, Customers, Suppliers and Other Stakeholders

The Group ensures all staff is reasonably remunerated and regularly reviews the employment policies on remuneration and other benefits. The Group maintains a good relationship with its customers and suppliers. The Group maintains close contacts with the customers and has regular review of requirements of customers and complaints. The Group will conduct appraisal of the performance of suppliers on regular basis.

- Compliance with Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and risks of non-compliance with such requirements. The Group has on-going review the new enacted laws and regulations affecting the operations of the Group. The Group is not aware of any material non-compliance with the laws and regulations that have significant impact on the business of the Group.

- Principal Risks and Uncertainties

The Group's business operations and financial conditions may be affected by various types of risks and uncertainties, including the operational risks, price risk, credit risk, liquidity risk and regulatory risks. The Group has established a set of risk management policies and measures to identify, evaluate and manage risks arising from its operations.

Operational risks are those relating to the Group's internal processes, including but not limited to potential misconduct of employees and fraud, which may bring significant adverse impact on the Group's business operations and reputation. Operational risks may also result from emergencies and unexpected events such as natural hazards.

Price risk refers to the Group's investment in the held-for-trading investments. As the Group's investments are mainly concentrated on equity securities listed in Hong Kong, the financial position and the returns of the investments will be affected by the conditions of the stock market in Hong Kong. Negative developments in, or the general weakness of, the Hong Kong economy, may have a direct adverse effect on the Group's investment performance.

Credit risk relates to the ability or willingness of customers to meet their contractual obligations. The Group's maximum exposure to credit risk for its trading business and money lending business arises primarily from the individual borrowers. Since most of the Group's trade and loan receivables are unsecured, this leads to Group subject to greater risk of irrecoverability. If, in a subsequent period, conditions such as economic downturn, and other factors affects the repayment status of the borrowers and customers and the estimation of future cash flows of the trade and loan receivables, a loss may arise.

Business review (continued)

- Principal Risks and Uncertainties (continued)
Liquidity risk refers to the Group's ability in maintaining sufficient fund to meet the liquidity requirements. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Regulatory risks may arise from potential default of the Group in compliance with the relevant laws and regulations which have a significant impact on the Group's business and any future changes in the relevant laws and regulations. Non-compliance with the relevant laws and regulations may bring various consequences to the Group, including but not limited to the revocation or suspension of the money lenders licence and/or the imposition of penalties resulting from the offence.

Material Uncertainty related to Going Concern
Details of the material uncertainty are set out in the independent auditor's report.

Further discussion on the Group's risks is set out in the note 28 and note 31 to the consolidated financial statements.

- Related Party Transactions
Details of the related party transactions are set out in note 30 to the consolidated financial statements.

- Events After the Reporting Period
Save disclosed in note 31 to the consolidated financial statements, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2021 and up to the date of this report.

Independent auditor

A resolution will be submitted to the annual general meeting to re-appoint Pan-China (H.K.) CPA Limited, Certified Public Accountants, as an independent auditor of the Company.

For and on behalf of the Board

Lu Zhiqiang
Director
Hong Kong, 22 November 2021

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Hong Kong Life Sciences and Technologies Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 12 to 90, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 3 in the consolidated financial statements, which describes that the Group incurred a net loss of approximately HK$42,671,000 for the year ended 31 March 2021 and, as of 31 March 2021, the Group recorded net current liabilities and net liabilities of approximately HK$35,920,000 and HK$10,362,000 respectively. Notwithstanding the above, the financial statements have been prepared on a going concern basis, the validity of which is dependent on the single largest shareholder's ability to provide adequate funds for the Group to meet its liabilities as they fall due. These conditions, along with other matters indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 on the other information that we conclude that we obtained prior to the date of this auditor's report, 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 for the Consolidated Financial Statements

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

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

The directors are responsible for overseeing the Group's financial reporting process.

Auditors' 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. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liabilities 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors 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.

PAN-CHINA (H.K.) CPA LIMITED
Certified Public Accountants
Hong Kong, 22 November 2021

Lee Ping Kai
Practising Certificate Number P02976

HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK$'000	2020 HK$'000
Revenue	6(a)	668	127,527
Cost of sales		-	(112,782)
Gross profit		668	14,745
Loss on held-for-trading investments		(183)	(659)
Fair value change on investment properties		(18,070)	(2,000)
Other income	6(b)	2,195	472
Administrative and other operating expenses		(17,988)	(47,360)
Impairment loss on deposit paid for acquisition of property, plant and equipment		-	(15,682)
Reversal of impairment loss on loan receivables and loan interest receivables		1,634	563
Impairment loss on loan receivables and loan interest receivables		-	(125,262)
Impairment loss on trade receivables		(36,036)	(3,476)
Impairment loss on property, plant and equipment		-	(15,161)
Impairment loss on other receivables		-	(4)
Gain on disposal of held-for-sale assets and liabilities		-	3,709
Gain on disposal of subsidiaries		26,845	-
Gain on disposal of property, plant and equipment		2	-
Impairment loss on right-of-use assets		-	(26,399)
Finance costs	7	(1,738)	(2,994)
Loss before tax	8	(42,671)	(219,508)
Income tax expense	9	-	-
Loss for the year		(42,671)	(219,508)
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		1,963	(2,247)
Release of translation reserve		920	(217)
Other comprehensive income/(expense) for the year		2,883	(2,464)
Total comprehensive expense for the year		(39,788)	(221,972)

HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK$'000	2020 HK$'000
Loss for the year attributable to:			
- Owners of the Company		(42,662)	(219,495)
- Non-controlling interests		(9)	(13)
		(42,671)	(219,508)
Total comprehensive expense for the year attributable to:			
- Owners of the Company		(39,779)	(221,959)
- Non-controlling interests		(9)	(13)
		(39,788)	(221,972)

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

HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	12	628	272
Investment properties	13	24,930	43,000
Deposit paid for acquisition of property, plant and equipment	12(c)	-	-
Rental deposits		-	2,353
Other intangible assets	14	-	-
Interests in associates	15	-	-
Total non-current assets		25,558	45,625
Current assets			
Trade and other receivables	16	274	34,624
Held-for-trading investments	17	-	183
Tax in advance		-	8
Cash and bank balances	18	1,185	20,884
Total current assets		1,459	55,699
Current liabilities			
Trade and other payables	19	36,768	38,657
Lease liabilities	20	411	4,190
Contract liabilities	21	200	3,471
Provisions	22	-	555
Total current liabilities		37,379	46,873
Net current (liabilities)/assets		(35,920)	8,826
Total assets less current liabilities		(10,362)	54,451
Non-current liabilities			
Lease liabilities	20	-	23,254
Provisions	22	-	1,771
Total non-current liabilities		-	25,025
Net (liabilities)/assets		(10,362)	29,426

HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

	Note	2021 HK$'000	2020 HK$'000
Capital and reserves			
Share capital	24	227,536	227,536
Reserves		(191,517)	(151,738)
Equity attributable to the owners of the Company		36,019	75,798
Non-controlling interests		(46,381)	(46,372)
Total equity		(10,362)	29,426

The consolidated financial statements were approved and authorised for issue by the board of directors on 22 November 2021 and are signed on behalf of the Board by:

LU Zhiqiang	**CHUI Kwong Kau**
Director	*Director*

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

HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital HK$'000	Share premium (Note 33(b)(i)) HK$'000	Special reserve (Note 33(b)(ii)) HK$'000	Translation reserve (Note 33(b)(iv)) HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31 March 2019 and 1 April 2019	227,536	675,345	(39,998)	(3,272)	(561,592)	298,019	(46,359)	251,660
Initial application of HKFRS 16	-	-	-	-	(262)	(262)	-	(262)
Adjusted balance at 1 April 2019	227,536	675,345	(39,998)	(3,272)	(561,854)	297,757	(46,359)	251,398
Loss for the year	-	-	-	-	(219,495)	(219,495)	(13)	(219,508)
Exchange difference arising on translation of foreign operations	-	-	-	(2,247)	-	(2,247)	-	(2,247)
Release of translation reserve	-	-	-	(217)	-	(217)	-	(217)
Total comprehensive expense for the year	-	-	-	(2,464)	(219,495)	(221,959)	(13)	(221,972)
At 31 March 2020	227,536	675,345	(39,998)	(5,736)	(781,349)	75,798	(46,372)	29,426
At 31 March 2020 and 1 April 2020	227,536	675,345	(39,998)	(5,736)	(781,349)	75,798	(46,372)	29,426
Loss for the year	-	-	-	-	(42,662)	(42,662)	(9)	(42,671)
Exchange difference arising on translation of foreign operations	-	-	-	1,963	-	1,963	-	1,963
Release of translation reserve	-	-	-	920	-	920	-	920
Total comprehensive income/(expense) for the year	-	-	-	2,883	(42,662)	(39,779)	(9)	(39,788)
At 31 March 2021	227,536	675,345	(39,998)	(2,853)	(824,011)	36,019	(46,381)	(10,362)

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

HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(42,671)	(219,508)
Adjustments for:			
Interest income on bank deposits		(1)	(4)
Imputed interest income on non-current rental deposit		(141)	(214)
Depreciation of property, plant and equipment	12	22	2,524
Depreciation of right-of-use assets	12	619	7,840
Finance costs		1,738	2,994
Gain on derecognition of lease		-	(60)
Gain on disposal of held-for-sale assets and liabilities		-	(3,709)
Gain on disposal of property, plant and equipment		(2)	-
Gain on disposal of subsidiaries	32	(26,845)	-
Loss on held-for-trading investments		183	659
Fair value change on investment properties	13	18,070	2,000
Impairment loss on property, plant and equipment	12	-	15,161
Impairment loss on right-of-use assets	12	-	26,399
Impairment loss on deposit paid for acquisition of property, plant and equipment		-	15,682
Reversal of impairment loss on trade and other receivables	16	(1,634)	(563)
Impairment loss on trade receivables and other receivables	16	36,036	128,742
Written off of inventories		-	2,202
Operating loss before changes in working capital		(14,626)	(19,855)
Increase in inventories		-	(2,085)
Decrease/(increase) in trade and other receivables		1,604	(5,243)
Increase in trade and other payables		2,463	18
Increase in contract liabilities		-	3,000
(Decrease)/increase in provisions		(555)	2,326
Net cash used in operating activities		(11,114)	(21,839)

HONG KONG LIFE SCIENCES AND TECHNOLOGIES GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from investing activities			
Interest received		1	4
Purchase of property, plant and equipment	12	(84)	(12,683)
Deposit paid for acquisition of property, plant and equipment		(5,996)	(15,682)
Addition of right-of-use assets	12	-	(2,326)
Proceeds from disposal of held-for-sale assets and liabilities		-	1,849
Proceeds from disposal of property, plant and equipment		2	-
Proceeds from disposal of subsidiaries	32	(194)	-
Net cash used in investing activities		(6,271)	(28,838)
Cash flows from financing activities			
Proceeds from borrowing		3,000	-
Capital element of lease rental paid	20	(2,760)	(5,231)
Interest element of lease rental paid	20	(1,645)	(2,994)
Net cash used in financing activities		(1,405)	(8,225)
Net decrease in cash and cash equivalents		(18,790)	(58,902)
Cash and cash equivalents at the beginning of the year		20,884	79,844
Effects of foreign exchange rate changes		(909)	(58)
Cash and cash equivalents at the end of the year		1,185	20,884
Analysis of cash and cash equivalents			
Cash and bank balances		1,185	20,884

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

1. CORPORATE INFORMATION

Hong Kong Life Sciences and Technologies Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The address of the registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies. The principal place of business in Hong Kong is situated at Unit 1708, 17/F, Loon Kee Building, 267–275 Des Voeux Road Central, Sheung Wan, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional a currency of the Company.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) anti-aging and stem cell technology businesses; (ii) trading business; (iii) money lending business; and (iv) securities investment.

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

In the current year, the Group has applied, for the first time, the following amendments to existing standards issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), that are mandatorily effective for an accounting period that begins on or after 1 April 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The directors considered that the application of the amendments to HKFRSs and the interpretation in the current year has had no material effect on the amounts reported as set out in these financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised HKFRSs that had been issued but are not yet effective.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to annual Improvements Project	Annual Improvements to HKFRSs 2018 – 2020[3]
Amendments to HKFRS 3, HKAS 6 and HKAS 37	Narrow-scope Amendments[3]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions[1]
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021[6]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current[4]
HKFRS 17	Insurance Contracts[4]
HKFRS 17	Amendments to HKFRS 17[4]
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]

(1) Effective for annual periods beginning on or after 1 June 2020.
(2) Effective for annual periods beginning on or after 1 January 2021.
(3) Effective for annual periods beginning on or after 1 January 2022.
(4) Effective for annual periods beginning on or after 1 January 2023.
(5) Effective date not yet determined.
(6) Effective for annual periods beginning on or after 1 April 2021.

The application of the amendments to HKFRSs and the interpretation in the current year has had no material effect on the amounts reported as set out in these consolidated financial statements.

3. BASIS OF PREPARATION

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis, except for certain financial instruments and investment properties that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in the exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

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

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

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are disclosed in note 5.

3. BASIS OF PREPARATION (CONTINUED)

The financial statements have been prepared on a going concern basis. For the year ended 31 March 2021, the Group incurred a net loss of approximately HK$42,671,000 and, as of that date, the Group recorded net current liabilities and net liabilities of approximately HK$35,920,000 and HK$10,362,000 respectively. The Group's continuance in business as a going concern is dependent upon the continuing financial support from its single largest shareholder. The financial statements have been prepared on a going concern basis as the single largest shareholder has confirmed to provide continuing financial support to the Group to enable it to continue as a going concern and to settle its liabilities as and when they fall due.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to reduce the values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets as current assets respectively.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

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

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

4. SIGNIGICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the result of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlled interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified that to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Where necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combinations (Continued)

- liabilities or equity instruments related to share based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in HKFRS.

When the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed as of the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combinations (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

(c) Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises purchase price and direct expenses that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of business less all estimated expenses to be incurred in marketing, selling and distribution.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments in associates

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

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

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

At the end of each reporting period, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(f) Revenue recognition

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Revenue recognition (Continued)

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

Control is transferred over time and revenue is recognised over time if one of the following criteria is met:

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

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

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Company, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Company takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Revenue recognition (Continued)

Other income

The Group's other income recognition policies are as follows:

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

Income arising from sales of financial instruments is recognised on the completion of transfer of risks and rewards to the transferee.

Dividend income from financial assets at fair value through profit or loss is recognised when the shareholder's right to receive payment is established (provided that it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably).

(g) Leasing

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leasing (Continued)

The Group as lessee (continued)

Lease payments included in the measurement of the lease liability comprise:

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leasing (Continued)

The Group as lessee (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a right-of-use asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under HKAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

As a practical expedient, HKFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(h) Foreign currencies

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currencies (Continued)

Exchange differences arising on settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange difference arising on retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Hong Kong dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

(i) Borrowing costs

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Company and its subsidiaries operating in Hong Kong operate a defined contribution retirement benefit plan under the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme"), for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on percentage of Employees' basic salaries.

The employees of the Group's subsidiaries which operate in PRC are required to participate in a central pension scheme operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme.

Contributions are recognised as an expense in profit or loss when employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Share-based payment benefits

Share options granted to employees are accounted for in accordance with the policies set out in note 4(y)(i)(1).

(k) Taxation

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

Current tax

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Taxation (Continued)

Deferred tax

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Taxation (Continued)

Current and deferred tax for the year

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

(l) Property, plant and equipment

Property, plant and equipment including owner occupied land and buildings held for use in the supply of service, or administrative purposes (other than properties under construction as described below), are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of property, plant and equipment, after taking into account of their estimated residual value, if any, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates are as follows:

Leasehold improvements	5% - 20% per annum
Furniture, fixtures and equipment	15% - 33½% per annum
Motor vehicles	10 – 20% per annum

Right-of-use assets (classified as properties leased for own use) are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year in which the item is derecognised.

(m) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under development for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

(n) Intangible assets other than goodwill

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Amortisation commences when the intangible assets are available for use.

Internally generated intangible assets - research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Intangible assets other than goodwill (Continued)

Internally generated intangible assets — research and development costs (continued)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- It is technically feasible to complete the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Group is able to sell the product;
- Sale of the product will generate probable future economic benefits; and
- Expenditure on the project can be measured reliably.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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

(o) Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indicator that the asset may be impaired.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of tangible and intangible assets excluding goodwill (Continued)

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

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(p) Financial instruments

Classification

The Group has the following types of financial assets:

- Those to be measured subsequently at fair value through profit or loss; and
- Those to be subsequently measured at amortised cost.

The classification depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing the financial assets.

(i) Financial assets subsequently measured at amortised cost

In order for a financial asset to be subsequently measured at amortised cost, its contractual cash flows need to be solely payments of principal and interest on the principal amount outstanding and the Group's business model for managing such financial assets is to collect the contractual cash flows.

The Group's financial assets subsequently measured at amortised cost comprise "trade receivables", "loan receivables", "loan interest receivables", "other receivables" and "cash and bank balances" in the consolidated statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (Continued)

Classification (continued)

(ii) Financial assets subsequently measured at fair value through profit or loss

Financial assets subsequently measured at fair value through profit or loss are financial assets with cash flows that are not solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets subsequently measured at fair value through profit or loss are "held-for-trading investments".

Recognition and 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets subsequently measured at amortised cost are determined using the effective interest rate method and are subject to impairment. Gain and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Changes in fair value of financial assets at fair value through profit or loss are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss when the Group's right to receive payments is established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of group of similar financial assets) is primary derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (Continued)

Derecognition (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognised an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(q) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost (including trade receivables, loan receivables, loan interest receivables, other receivables and cash and bank balances).

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECL are measured on either of the following bases:

- 12-month ECL: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of financial assets (Continued)

Measurement of ECL (continued)

- lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

The Group has established macro-economic forecast model. The Group conducts forecasts regularly to establish three economic scenario, optimistic, neutral and pessimistic to ensure coverage of non-linear features for the ECL model. Neutral scenario is defined as the most probable situation which will become benchmark for other scenarios. Optimistic and pessimistic scenarios are possible scenarios which are better and worse than neutral scenario respectively. The Group uses internal and external information to generate a neutral scenario. The external information used includes economic data and forecasts published by the government and monetary authorities.

Other forward-looking considerations such as the impact of any regulatory, legislative or political changes have been considered but are not deemed to have material impact and therefore no adjustment has been made to the ECL for such factors. The Group reviewed and monitored for appropriateness on a quarterly basis.

For all other types of financial instruments, the Group recognises a loss allowance equal to 12-month ECL unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECL.

Significant increases in credit risk

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

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of financial assets (Continued)

Significant increases in credit risk (continued)

- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

ECL are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.
The Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due.

Basis of calculation of interest income

Interest income recognised in accordance with note 4(f) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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

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

- failure to make payments of principal or interest on their contractually due dates;
- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of financial assets (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(r) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and on hands, demand deposits with banks and short term highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(s) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

(t) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 21). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Equity instruments

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

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

(v) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

(w) Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred grant in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Related parties

For the purposes of these consolidated financial statements, a person or an entity is considered to be related to the Group if:

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

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

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

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

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

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Share-based payment transactions

(i) Equity-settled share-based payment transactions

(1) Share options granted to employees

For share options granted to employees, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The effect of the change in estimate, if any, is recognised in profit or loss with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

(2) Share options granted to suppliers/consultants

For share options granted to suppliers/consultants in exchange for goods or services are measured at the fair value of the goods or serves received. The fair values of the goods or services are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustments have been made to equity (share options reserve).

(ii) Cash-settled share-based payment transactions

For cash-settled share-based payments, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. At the end of each reporting period, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss.

(z) Events after the end of the reporting period

Events after the end of the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical judgements in applying accounting policies

In the application of the Group's accounting policies, which are described in note 4, the management has made the following judgement which has the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation liabilities or deferred taxation assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and believed that they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time of the properties. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties in Hong Kong which are not subject to any income taxes on changes to the fair value of the investment properties upon their sales.

Revenue recognition in respect of electronic components trading business

The Group assesses its business relationships with suppliers and customers of the electronic components trading business and determines that the Group acts as a principal.

Upon application of HKFRS 15, the Group is a principal and hence reassessed whether the Group should continue to recognise revenue on gross basis based on the requirements in HKFRS 15. In determining whether revenue from trading of electronic components shall be recorded on net basis or gross basis, the Group has made reference to indicators and requirements stated in HKFRS 15 Determining whether the Group is acting as a principal or an agent requires judgement and consideration of all relevant facts and circumstances, and the Group considers itself as a principal regarding trading of electronic components by taking into account the following considerations:

- The Group is the primary obligor in the customer contract and is responsible for fulfilling the promise to provide the specified goods (i.e. electronic components) rather than the supplier.
- The Group has its own discretion in negotiating and establishing the prices of the electronic components with the customers.
- For trading of electronic components, the Group settles amount due to supplier before the settlement from customers.
- The earnings from trading of electronic components are not predetermined and negotiating by the Group with the supplier and customer separately.

After assessing all above factors, the management concluded that the Group acts as the principal for such transactions as it controls the specified goods before it is transferred to the customers.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Key sources of estimation uncertainty

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

(i) Estimated impairment loss of loan receivables, loan interest receivables and trade receivables

The impairment provisions for loan receivables, loan interest receivables and trade receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2021, the accumulated impairment loss for trade receivables, loan receivables and loan interest receivables amounted to approximately HK$41,023,000, HK$206,585,000 and HK$62,040,000 respectively (31 March 2020: HK$4,685,000, HK$208,087,000 and HK$38,537,000 respectively). Details are set out in note 16 to the consolidated financial statements.

(ii) Investment properties

Investment properties were stated at fair values based on the valuation performed by independent professional surveyor. In determining the fair values, the surveyor has based on a method of valuation which involves certain assumptions and estimates of market condition. In relying on the valuation report, the directors of the Company work closely with qualified external professional surveyor and have exercised their judgement and are satisfied that the assumptions used in the valuation are reasonable and supportable. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in profit or loss. The carrying amount of investment properties as at 31 March 2021 was approximately HK$24,930,000 (31 March 2020: HK$43,000,000). Details are set out in note 13 to the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Key sources of estimation uncertainty (Continued)

(iii) Depreciation

Items of property, plant and equipment (excluding right-of-use assets) are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technologies changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates. The carrying amount of property, plant and equipment (excluding right-of-use assets) as at 31 March 2021 was approximately HK$216,000 (31 March 2020: HK$272,000). Details are set out in note 12 to the consolidated financial statements.

6. REVENUE AND OTHER INCOME

(a) Revenue

Disaggregation of the Group's revenue from contracts with customers for the year by major products or service line and reconciliation of total revenue is as follows:

	2021 HK$'000	2020 HK$'000
Provision of anti-aging services	-	60
Sales of electronic components	-	113,847
Sales of personal care products	-	921
Total revenue from contracts with customers	-	114,828
Interest income from loan receivables	668	12,699
Total revenue from other sources	668	12,699
Total revenue	668	127,527

6. REVENUE AND OTHER INCOME (CONTINUED)

(a) Revenue (continued)

	2021 HK$'000	2020 HK$'000
Revenue were derived from customers in:		
- Hong Kong	688	13,680
- The People's Republic of China ("PRC")	-	113,847
	688	127,527

During the year, all the revenue from contracts with customers is recognised at a point in time.

(b) Other income

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

	2021 HK$'000	2020 HK$'000
Interest income on bank deposits	1	4
Imputed interest income on non-current rental deposit	141	214
Sundry income	724	194
Government employment support scheme subsidy	1,329	-
Gain on derecognition of lease	-	60
	2,195	472

7. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Loan interest expenses	93	-
Interest on lease liabilities	1,645	2,994
	1,738	2,994

8. LOSS BEFORE TAX

Loss before tax of the Group has been arrived at after (crediting)/charging:

	2021 HK$'000	2020 HK$'000
Staff costs (including directors' emoluments)		
- Salaries and other benefits	11,063	16,322
- Contributions to defined contributions retirement benefits schemes	307	457
	11,370	16,779
Auditors' remuneration		
- audit services	350	950
Depreciation of property, plant and equipment	22	2,524
Depreciation of right-of-use assets	619	7,840
Gain on disposal of property, plant and equipment	(2)	-
Impairment loss on property, plant and equipment	-	15,161
Reversal of impairment loss on loan receivables and loan interest receivables	(1,634)	(563)
Impairment loss on loan receivables and loan interest receivables	-	125,262
Impairment loss on trade receivables	36,036	3,476
Written off of inventories	-	2,202
Impairment loss on deposit paid for acquisition of property, plant and equipment	-	15,682
Impairment loss on other intangible assets	-	26,399
Legal and professional fees	1,195	3,509
Gain on disposal of subsidiaries	(26,845)	-
Expenses relating to short-term leases	719	4,611
Carrying amount of inventories sold	-	112,782
Gain on disposal of held-for-sale assets and liabilities	-	(3,709)
Gain on derecognition of lease	-	(60)
Impairment loss on other receivables	-	4

9. INCOME TAX EXPENSE

Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 HK$'000	2020 HK$'000
Current tax		
Hong Kong	-	-
PRC enterprise income tax	-	-
	-	-
Deferred tax *(Note 23)*	-	-
	-	-

Hong Kong profits tax is calculated at the rate of 8.25% on estimated assessable profits up to HK$2,000,000 and 16.5% on only part of estimated assessable profits over HK$2,000,000 (2020: 8.25% on estimated assessable profits up to HK$2,000,000 and 16.5% on only part of estimated assessable profits over HK$2,000,000) arising or derived from Hong Kong. Hong Kong profits tax has not been provided as the Group had no assessable profits for the year (2020: Nil).

PRC enterprise income tax on the profits arising in the PRC is calculated on the estimated assessable profits at the rates prevailing in the PRC.

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

	2021 HK$'000	2020 HK$'000
Loss before tax	(42,671)	(219,508)
Notional tax on loss before tax, calculated at the tax rates applicable to profits in the jurisdictions concerned	(10,151)	(36,174)
Tax effect of non-taxable income	(8,154)	(5,101)
Tax effect of expenses not deductible and loss not allowance	19,365	12,146
Tax effect of temporary difference not recongnised	(141)	5,316
Tax effect of utilisation of tax losses not previously recognised	(919)	(54)
Tax effect of estimated tax losses	-	23,867
Income tax expense for the year	-	-

There was no income tax recognised in other comprehensive income directly in equity (2020: Nil).

10. DIVIDEND

No dividend was paid, declared or proposed during the year ended 31 March 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

11. DIRECTORS' EMOLUMENTS

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for the loss of office (2020: Nil).

There was no emoluments waived by any directors during the year (2020: Nil).

The directors of the Company consider that they are the only key management personnel of the Group and details for their emoluments have been set out below.

Fees, salaries and other benefits paid to or for the directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

	2021 HK$'000	2020 HK$'000
Fees	2,952	3,156
Other emoluments	712	718
Retirement benefit scheme contributions	90	108
	3,754	3,982

12. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amounts

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Right-of-use assets HK$'000	Total HK$'000
Cost:					
At 1 April 2019	9,028	17,968	11,113	35,080	73,189
Additions	15,045	1,120	-	2,326	18,491
Written off	(5,369)	(3,033)	-	-	(8,402)
Derecognition on the termination of lease	-	-	-	(1,304)	(1,304)
Exchange adjustments	-	(57)	(449)	(49)	(555)
At 31 March 2020 and 1 April 2020	18,704	15,998	10,664	36,053	81,419
Additions	-	84	-	1,031	1,115
Transfer from deposit paid for acquisition of property, plant and equipment	-	89	-	-	89
Disposal	-	-	(233)	-	(233)
Written off	(3,659)	(6,588)	-	-	(10,247)
Derecognition on the expiry of lease	-	-	-	(4,154)	(4,154)
Exchange adjustments	-	69	548	-	617
Disposal of subsidiaries	(15,045)	(2,895)	(1,685)	(31,899)	(51,524)
At 31 March 2021	-	6,757	9,294	1,031	17,082
Accumulated amortisation, depreciation and impairment:					
At 1 April 2019	9,028	16,745	10,518	2,594	38,885
Charge for the year	1,755	404	365	7,840	10,364
Impairment loss	13,290	1,871	-	26,399	41,560
Eliminated on written off	(5,369)	(3,033)	-	-	(8,402)
Eliminated on the termination of lease	-	-	-	(761)	(761)
Exchange adjustments	-	(55)	(425)	(19)	(499)
At 31 March 2020 and 1 April 2020	18,704	15,932	10,458	36,053	81,147
Charge for the year	-	22	-	619	641
Transfer from deposit paid for acquisition of property, plant and equipment	-	89	-	-	89
Eliminated on disposal	-	-	(233)	-	(233)
Eliminated on written off	(3,659)	(6,588)	-	-	(10,247)
Eliminated on the expiry of lease	-	-	-	(4,154)	(4,154)
Exchange adjustments	-	68	531	-	599
Disposal of subsidiaries	(15,045)	(2,810)	(1,634)	(31,899)	(51,388)
At 31 March 2021	-	6,713	9,122	619	16,454
Net carrying amount:					
At 31 March 2021	-	44	172	412	628
At 31 March 2020	-	66	206	-	272

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amounts (Continued)

The gross carrying amount of the Group’s property, plant and equipment includes an amount of HK$Nil (2020: approximately HK$18,704,000) in respect of fully amortised and impaired, leasehold improvements that is still in use.

(b) Right-of-use assets

The Group’s right-of-use assets and lease liabilities as a lessee mainly arise from leases of service, laboratory centre and offices with terms of two to six years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group performed an impairment assessment on right-of-use assets in accordance with HKAS 36, Impairment of Assets. Based on the assessment, an impairment loss of HK$Nil (2020: approximately HK$26,399,000) was recognised and charged to the consolidated statement of profit or loss for the year ended 31 March 2021.

(c) Deposit paid for acquisition of property, plant and equipment

	2021 HK$’000	2020 HK$’000
Deposit paid for acquisition of property, plant and equipment	-	-

An impairment loss on deposit paid for acquisition of property, plant and equipment of HK$Nil (2020: approximately HK$15,682,000) was charged to profit or loss during the year ended 31 March 2021.

13. INVESTMENT PROPERTIES

	2021 HK$'000	2020 HK$'000
At fair value		
At the beginning of the year	43,000	45,000
Loss arising from change in fair value	(18,070)	(2,000)
At the end of the year	24,930	43,000

The investment properties of the Group represent interest in land held for undeterminated future use under medium-term leases (up to expiry of 30 June 2047) in Hong Kong.

Note:

(a) Valuation process of investment properties

The Group's investment properties as at 31 March 2021 and 31 March 2020 were appraised by A A Property Services Limited and Prudential Surveyors (Hong Kong) Limited respectively, independent professional surveyors not connected to the Group, which hold recognised relevant professional qualifications and have recent experience in the location and segment of the investment properties valued.

The directors of the Company work closely with the independent professional surveyor to establish the appropriate valuation techniques and inputs to the valuation model by holding discussions with the independent professional surveyor and verify and analyse major inputs and assumptions in the valuation reports.

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement":

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value as at 31 March 2021 HK$'000
Recurring fair value investment properties	-	-	24,930	24,930

13. INVESTMENT PROPERTIES (CONTINUED)

(b) Fair value measurement of investment properties (Continued)

(i) Fair value hierarchy (Continued)

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value as at 31 March 2020 HK$'000
Recurring fair value investment properties	-	-	43,000	43,000

There were no transfers between Level 1 and Level 2, or transfer into or out of Level 3 during the year ended 31 March 2021 and 31 March 2020. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurements

At the date of acquisition, as at 31 March 2020 and as at 31 March 2021, the Group's investment properties were appraised by adopting residual method and market approach in assessing the fair value of the investment properties. For house land lots, the residual method is used, whereby the fair value is derived from the gross development value of the project upon completion (estimated using market comparison method) less estimated development costs and allowance for developer's profit. For agricultural land lots, market approach is used, whereby fair value is determined based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of the properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Higher gross development value and adjusted market price would result in a higher fair value measurement, and vice versa.

Item	Valuation technique	Unobservable inputs	Range
House land lots in Lantau Island	Residual method	Gross development value	HK$35,467,000 (2020: HK$58,960,000)
Agricultural land lots in Lantau Island	Market approach	Adjusted market price (HK$/square feet)	HK$100 - HK$200 per square feet (2020: HK$50 - HK$290 per square feet)

(iii) As at 31 March 2021 and 31 March 2020, no investment properties were pledged as a security for external borrowing.

14. OTHER INTANGIBLE ASSETS

	Exclusive Licence A HK$'000	Exclusive Licence B HK$'000	Exclusive Licence C HK$'000	Total HK$'000
Cost:				
At 1 April 2019	12,000	32,000	18,000	62,000
Written off	-	(32,000)	(18,000)	(50,000)
At 31 March 2020, at 1 April 2020 and at 31 March 2021	12,000	-	-	12,000
Accumulated depreciation and impairment losses:				
At 1 April 2019	12,000	32,000	18,000	62,000
Eliminated on written off	-	(32,000)	(18,000)	(50,000)
At 31 March 2020, at 1 April 2020 and at 31 March 2021	12,000	-	-	12,000
Net carrying amount				
At 31 March 2021	-	-	-	-
At 31 March 2020	-	-	-	-

The other intangible assets represent 1 exclusive licence on 1 patent granted by Hope Biotech (Suzhou) Co., Ltd., a company controlled by the former executive director of the Company, Mr. David Lin Kao Kun and his spouse, to a subsidiary acquired in the year 2013.

Details of the useful of the exclusive licence is as follows:

Particulars of patent	**Expiry date of exclusive licence granted to a subsidiary**
Method for constructing pancreatic stem cell line from human insulin and differentiating to insulin secretion cell ("Exclusive Licence A")	25 November 2031

During the year ended 31 March 2021 and 31 March 2020, the management of the Group considered that the factors of previous year's impairment assessment continued to apply and concluded that the recoverable amount of the CGU remains minimal. Accordingly, no reversal of impairment loss on the intangible assets held was considered necessary in the year ended 31 March 2021 and the year ended 31 March 2020 respectively.

15. INTERESTS IN ASSOCIATES

	2021 HK$'000	2020 HK$'000
Cost of acquisition:		
Carrying amount of unlisted shares	-	-
Share of post-acquisition profits and other comprehensive income	-	-
Provision for impairment	-	-
	-	-

Particulars of the Group's associate at the end of the reporting period are set out below:

Name	Place of incorporation /operation	Attributable equity interests held by the Group as at 31 March 2021 %	2020 %	Principal activity
ZMAY Holdings Limited* ("ZMAY")	Hong Kong	20 (indirectly)	-	Investment holding

* Audited by Pan-China (H.K.) CPA Limited.

At the end of the reporting period, the summarised financial information in respect of the Group's associate is set out below:

	2021 HK$'000	2020 HK$'000
Current assets	3,167	-
Non-current assets	11,614	-
Current liabilities	(5,104)	-
Non-current liabilities	(19,921)	-
Net liabilities	(10,244)	-
Revenue	-	-
Loss for the period	1,612	-
Proportion of ownership interest held by the Group	20%	-
Share of loss of ZMAY	322	-
Less: not recognised in profit or loss	(322)	-
Share of loss of ZMAY recognised in profit or loss	-	-
Dividends income for the year	-	-

15. INTERESTS IN ASSOCIATES (CONTINUED)

As at 31 March 2021, the cumulative share of losses of ZMAY not recognised in the consolidated statement of profit or loss amounting to approximately HK$322,000, as the Group has discontinued including its share of results of ZMAY once the cumulative share of losses and accumulated impairment is equal to the investment cost in ZMAY.

Reconciliation of the above summarised financial information to the carrying amount of the interests in Group's associate recognised in the consolidated financial statements:

	2021 HK$'000	2020 HK$'000
Net liabilities	(10,244)	-
Proportion of the Group's ownership interests	20%	-
Deemed carrying amount of the Group's interests	(2,049)	-

16. TRADE AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables *(Note a)*	-	33,523
Loan interest receivables *(Note b)*	-	-
Deposit and prepayments	274	1,097
Loan receivables *(Note c)*	-	-
Other receivables	-	4
	274	34,624

Note:

(a) Trade receivables

An analysis of trade receivables by age, presented based on the invoice date, is as follows:

	2021 HK$'000	2020 HK$'000
0 – 30 days	-	37,248
31 – 60 days	-	-
Over 60 days	41,023	960
Total trade receivables	41,023	38,208
Less: Accumulated impairment losses	(41,023)	(4,685)
Total trade receivables, net of impairment losses	-	33,523

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

(a) Trade receivables (Continued)

The carrying amount of the Group's trade receivables are denorminated in the following currencies:

	2021 HK$'000	2020 HK$'000
HK dollars	-	-
Renminbi	-	33,523
	-	33,523

The Group offers credit terms to its customers ranging from cash on delivery to 90 days (2020: cash on delivery to 90 days).

No interest is charged on the trade receivables.

Movements in the impairment loss of trade receivables:

	2021 HK$'000	2020 HK$'000
Balance at 1 April	4,685	1,337
Impairment losses	36,036	3,476
Exchange adjustments	302	(128)
Balance at 31 March	41,023	4,685

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

(a) Trade receivables (Continued)

The Group applies the simplified approach to provide for expected credit loss prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group overall considers the shared credit risk characteristics and the days past due of each type of the trade receivables to measure the expected credit losses. For certain trade receivables which are unsecured and unguaranteed for which the counterparties fail to make demand repayment, the Group considered that they have been defaulted and make 100% provision ("default receivables"). In determining whether a trade receivable is default, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full or partially (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a trade receivable 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.

Except for the default receivables, the expected loss on trade receivables is estimated by reference to the past default experience of debtors, adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. During the year ended 31 March 2021, the expected credit losses of trade receivables are determined as follows:

	Expected credit loss	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	-	-	-
1 – 60 days	-	-	-
31 – 90 days	-	-	-
Over 90 days	-	-	-
		-	-
Default	100%	41,023	41,023
		41,023	41,023

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

(a) Trade receivables (Continued)

Except for the default receivables, the expected loss on trade receivables is estimated by reference to the past default experience of debtors, adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables. During the year ended 31 March 2020, the expected credit losses of trade receivables are determined as follows:

	Expected credit loss	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	10%	37,248	3,725
1 – 60 days	-	-	-
31 – 90 days	-	-	-
Over 90 days	-	-	-
		37,248	3,725
Default	100%	960	960
		38,208	4,685

(b) Loan interest receivables

An analysis of loan interest receivables by age, presented based on the contractual due date, is as follows:

	2021 HK$'000	2020 HK$'000
Current (not past due)	98	1,800
Past due:		
- 1 to 3 months	-	132
- Over 3 months to 6 months	-	14,366
- Over 6 months	61,942	22,239
Total loan interest receivables	62,040	38,537
Less: Accumulated impairment losses	(62,040)	(38,537)
Loan interest receivables, net of impairment losses	-	-

The loan receivables above were denominated in Hong Kong dollars.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

(b) Loan interest receivables (Continued)

Movements in the impairment of loan interest receivables:

	2021 HK$'000	2020 HK$'000
Balance at 1 April	38,537	3,233
Unwinding of discount	23,635	19,928
Impairment losses	-	16,680
Reversal of impairment losses	(132)	(563)
Transfer	-	(741)
Balance at 31 March	62,040	38,537

The reversal of impairment loss on loan interest receivables mainly represented the amount recovered from the previously impaired loan interest receivables.

Details of the impairment assessment on loan interest receivables are set out in note c below.

As at 31 March 2021 and 2020, the Group has no loan interest receivables which were past due but not impaired.

(c) Loan receivables

An analysis of loan receivables by age, presented based on the contractual due date, is as follows:

	2021 HK$'000	2020 HK$'000
Current (not past due)	-	18,131
- 1 to 3 months	-	8,000
- Over 3 months to 6 months	-	88,332
- Over 6 months	206,585	93,624
Gross loan receivables	206,585	208,087
Less: Accumulated impairment losses	(206,585)	(208,087)
Loan receivables, net of impairment losses	-	-

The loan receivables above were denominated in Hong Kong dollars.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

(c) Loan receivables (Continued)

As at 31 March 2021, loan receivables bore interest at the fixed rates of 12% per annum (2020: 10% to 14% per annum) and are all repayable within 12 months. All loan receivables were unsecured.

Movements in the impairment loss of loan receivables:

	2021 HK$'000	2020 HK$'000
Balance at 1 April	208,087	98,764
Impairment losses	-	108,582
Reversal of impairment losses	(1,502)	-
Transfer	-	741
Balance at 31 March	206,585	208,087

The reversal of impairment loss on loan receivables mainly represent the amount recovered from the previously impaired loan receivables.

The Group applies the general approach to provide for expected credit loss prescribed by HKFRS 9 on its loan receivables and loan interest receivables. The Group have taken into account the historical default experience, the background and the financial position of the counterparties, value of collateral and various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

(c) Loan receivables (Continued)

Analysis of ECL attributed to the gross carrying amount of loan receivables and loan interest receivables for year ended 31 March 2021 is as follows:

	12-month ECL HK$'000	Lifetime ECL HK$'000	Lifetime ECL-Credit impaired HK$'000	Total HK$'000
Loan receivables	-	-	206,585	206,585
Loan interest receivables	-	-	62,040	62,040
	-	-	268,625	268,625

Analysis of ECL attributed to the gross carrying amount of loan receivables and loan interest receivables for year ended 31 March 2020 is as follows:

	12-month ECL HK$'000	Lifetime ECL HK$'000	Lifetime ECL-Credit impaired HK$'000	Total HK$'000
Loan receivables	-	-	208,087	208,087
Loan interest receivables	-	-	38,537	38,537
	-	-	246,624	246,624

The loan receivables and loan interest receivables are considered to be credit-impaired when they are default. In determining whether loan receivables and loan interest receivables are default, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full or partially (without taking into account any collaterals held by the Group). Irrespective of the above, the Group considers that default has occurred when a loan receivable and related loan interest receivable have been past due for 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.

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

(c) Loan receivables (Continued)

Analysis of movements in the impairment loss on loan receivables and loan interest receivables for year ended 31 March 2021 is as follows:

Loan receivables	12-month ECL HK$'000	Lifetime ECL HK$'000	Lifetime ECL-Credit impaired HK$'000	Total HK$'000
Balance at the beginning of the year	-	-	208,087	208,087
Reversal of impairment losses	-	-	(1,502)	(1,502)
Balance at the end of the year	-	-	206,585	206,585

Loan interest receivables	12-month ECL HK$'000	Lifetime ECL HK$'000	Lifetime ECL-Credit impaired HK$'000	Total HK$'000
Balance at the beginning of the year	-	-	38,537	38,537
Unwinding of discount	-	-	23,635	23,635
Reversal of impairment loss	-	-	(132)	(132)
Balance at the end of the year	-	-	62,040	62,040

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

Note: (Continued)

(c) Loan receivables (Continued)

Analysis of movements in the impairment loss on loan receivables and loan interest receivables for year ended 31 March 2020 is as follows:

Loan receivables	12-month ECL HK$'000	Lifetime ECL HK$'000	Lifetime ECL-Credit impaired HK$'000	Total HK$'000
Balance at the beginning of the year	12,525	-	86,239	98,764
Impairment losses	287	-	108,295	108,582
Transfer	(12,812)	-	13,553	741
Balance at the end of the year	-	-	208,087	208,087

Loan interest receivables	12-month ECL HK$'000	Lifetime ECL HK$'000	Lifetime ECL-Credit impaired HK$'000	Total HK$'000
Balance at the beginning of the year	638	-	2,595	3,233
Unwinding of discount	-	-	19,928	19,928
Impairment losses	674	-	16,006	16,680
Reversal of impairment losses	(57)	-	(506)	(563)
Transfer	(1,255)	-	514	(741)
Balance at the end of the year	-	-	38,537	38,537

17. HELD-FOR-TRADING INVESTMENTS

	2021 HK$'000	2020 HK$'000
Equity investment listed in Hong Kong, at fair value	-	183

The fair values of listed investments are determined on the basis of quoted market price at the end of the reporting period.

18. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

Cash and bank balances comprise cash and short-term bank deposits with an original maturity of three months or less held by the Group.

The Group's cash and bank balances of approximately HK$184,000 (2020: HK$408,000) are deposited with banks in the Mainland China. The remittance of these funds out of the Mainland China is subject to exchange control restrictions imposed by the Mainland China government.

(b) Changes in liabilities arising from financing activities

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

	Lease liabilities HK$'000	Total HK$'000
Balance at 1 April 2019	33,311	33,311
Changes from financing cash flows:		
Capital element of lease rentals paid	(5,231)	(5,231)
Interest element of lease rentals paid	(2,994)	(2,994)
	(8,225)	(8,225)
Other changes:		
Interest on lease liabilities	2,994	2,994
Derecognition on the termination of lease	(603)	(603)
	2,391	2,391
Exchange adjustments	(33)	(33)
Balance at 31 March 2020	27,444	27,444

18. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Changes in liabilities arising from financing activities (Continued)

	Borrowing HK$'000	Lease liabilities HK$'000	Total HK$'000
Balance at 1 April 2020	-	27,444	27,444
Changes from financing cash flows:			
Proceeds from borrowing	3,000	-	3,000
Capital element of lease rentals paid	-	(2,760)	(2,760)
Interest element of lease rentals paid	-	(1,645)	(1,645)
	3,000	(4,405)	(1,405)
Other changes:			
Increase in lease liabilities from entering into new lease during the year	-	1,031	1,031
Interest on lease liabilities	-	1,645	1,645
Loan interest expenses	93	-	93
Disposal of subsidiaries	(3,093)	(25,304)	(28,397)
	(3,000)	(22,628)	(25,628)
Balance at 31 March 2021	-	411	411

19. TRADE AND OTHER PAYABLES

	2021 HK$'000	2020 HK$'000
Trade payables	121	121
Other payables and accruals	6,647	8,536
Amount due to a minority shareholder of a subsidiary *(Note)*	30,000	30,000
	36,768	38,657

The average credit period on purchases of certain goods is cash on delivery to 120 days.

The analysis of trade payables by age based on the invoice date is as follows:

	2021 HK$'000	2020 HK$'000
0 – 30 days	-	-
31 – 60 days	-	-
Over 60 days	121	121
	121	121

Note: The amount due to a minority shareholder of a subsidiary are unsecured, interest-free and have no fixed terms of repayment.

20. LEASE LIABILITIES

At 31 March 2021, the lease liabilities were repayable as follows:

	2021		2020	
	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	411	420	4,190	6,710
After 1 year but within 2 years	-	-	5,104	7,140
After 2 year but within 5 years	-	-	18,150	20,826
After 5 years	-	-	-	-
	-	-	23,254	27,966
	411	420	27,444	34,676
Less: total future interest expenses		(9)		(7,232)
Present value of lease liabilities		411		27,444

21. CONTRACT LIABILITIES

The movements of contract liabilities during the year are as follow:

	2021 HK$'000	2020 HK$'000
Balance at 1 April	3,471	489
Deposit received	-	3,000
Disposal of subsidiaries	(3,272)	-
Translation difference	1	(18)
Balance as at 31 March	200	3,471

22. PROVISIONS

Provisions of reinstatement cost

	2021 HK$'000	2020 HK$'000
Balance at beginning of the year	2,326	-
Additional provisions	-	2,326
Realised	(555)	-
Disposal of subsidiaries	(1,771)	-
Balance at end of the year	-	2,326

The following is the analysis of the provision of reinstatement cost for the financial reporting purposes:

	2021 HK$'000	2020 HK$'000
Current liabilities	-	555
Non-current liabilities	-	1,771
	-	2,326

Under the terms of the rental agreements signed with landlords, the Group should remove and re-instate the rented premises for service centre, laboratory and office, at the Group's cost upon expiry of the relevant rental agreements. Provisions are therefore made for the best estimate of the expected reinstatement costs to be incurred.

23. DEFERRED TAX

Deferred tax assets

	Unused tax losses **HK$'000**
At 1 April 2019	35,821
Net change	19,791
At 31 March 2020 and at 1 April 2020	55,612
Net change	(13,145)
At 31 March 2021	42,467

No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams.

23. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

No deferred tax liability has been recognised due to the temporary differences which will result in a liability to be payable in the foreseeable future are immaterial.

Under the Enterprise Income Tax Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by 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.

24. SHARE CAPITAL

	Number of shares	**Amount**
	’000	HK$’000
Authorised:		
(ordinary share of HK$0.04 each)		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	10,000,000	400,000
Issued and fully paid:		
(ordinary shares of HK$0.04 each)		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	5,688,397	227,536

25. SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 4 August 2010 and the Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares to be issued under the share option scheme on 17 November 2010, the Company adopted a share option scheme to enable the Company to provide incentive to participants with the opportunity of participating in the growth of the Company by acquiring shares in the Company and may, in turn, assist in the attraction and retention of talents who have made contributions to the success of the Company.

25. SHARE OPTION SCHEME (CONTINUED)

The board of directors (the "Board") shall be entitled at any time on a business day within 10 years commencing on the effective date of the share option scheme to offer the grant of an option to any eligible person as the Board may in its absolute discretion select in accordance with the eligibility criteria set out in the share option scheme. An offer shall be deemed accepted when the Company receives the letter containing the offer of the grant of an option duly signed by the grantee together with a non-refundable payment of HK$1 (or such other sum in any currency as the Board may determine).

The share option scheme adopted by the Company on 17 November 2010 expired on 16 November 2020.

26. CAPITAL COMMITMENT

	2021 HK$'000	2020 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements		
- Leasehold improvements	-	12,127
- Furniture, fixtures and equipment	-	989
	-	13,116

27. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund ("MPF") Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group and its employees are each required to make monthly contributions at 5% of relevant payroll costs or HK$1,500 (2020: HK$1,500), whichever is the lower, to the scheme. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

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

During the year ended 31 March 2021, the total contributions made by the Group to the retirement benefit schemes and charged to the consolidated statement of profit or loss amounted to HK$307,000 (2020: HK$457,000).

As at 31 March 2021, there were no forfeited contributions available for the Group to offset contributions payable in future years (2020: Nil).

28. FINANCIAL INSTRUMENTS

The Group's major financial instruments include available-for-sale investment, held-for-trading investments, cash and bank balances, trade and other receivables and trade and other payables. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Amortised costs		
- Trade and other receivables	254	34,462
- Cash and bank balances	1,185	20,884
Fair value through profit or loss		
- Held-for-trading investments	-	183
	1,439	55,529
Financial liabilities		
Amortised costs		
- Trade and other payables	36,768	38,657
- Lease liabilities	411	27,444
- Contract liabilities	200	3,471
- Provisions	-	2,326
	37,379	71,898

(b) Market risk

(i) Foreign currency risk

Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The foreign exchange risk of the Group occurred due to the fact that the Group had business activities denominated in foreign currencies. The Group's business activities are primarily exposed to foreign exchange risk in respect of Renminbi ("RMB") against Hong Kong Dollar. The net assets/liabilities of certain investments of the Group in the PRC are exposed to foreign currency translation risk. The management continuously monitors the foreign exchange exposure and will consider hedging foreign currency risk should the need arise.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (Continued)

(i) Foreign currency risk (Continued)

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

	Assets		Liabilities	
	2021	2020	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000
Renminbi	194	33,933	1,354	1,447

Foreign currency risk sensitivity analysis

The Group is mainly exposed to the effect of fluctuation in Renminbi. The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency exchange rates of the company against the Renminbi. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency exchange rates. A positive number below indicates an increase in loss for the year where the functional currencies of the Group strengthen 5% against Renminbi. For a 5% weakening of the functional currencies of the Group against the Renminbi, there would be an equal and opposite impact on the loss, and the balances below would be negative.

	Effect on loss for the year end and accumulated losses		Effect on equity	
	2021	2020	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000
Renminbi	(58)	1,624	(58)	1,624

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Market risk (Continued)

(ii) Interest rate risk

The Group's cash flow interest rate risk relates primarily to bank balances. The management considers the Group's exposure of bank balances to cash flow interest rate risk is not significant as they have short maturity period.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk at the end of the reporting period. The analysis is prepared assuming the amount of variable-rate bank balances at the end of the reporting period was the amount outstanding for the whole year.

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2021 would decrease/increase by approximately HK$1,400 (2020: HK$18,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable rate bank balances.

(iii) Price risk

The Group is exposed to equity price risk through its investments in equity securities classified as held-for-trading investments. The Group's price risk is mainly concentrated on equity securities listed in Hong Kong. The management monitors the price risk and will take appropriate actions when necessary.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period. As at 31 March 2021, if the quoted market price of equity securities listed in Hong Kong classified as held-for-trading investments had been increased/decreased by 5% and all other variables held constant, the Group's post-tax loss for the year would have decreased/increased by HK$Nil as a result of change in fair value of held-for-trading investment (2020: HK$9,000).

28. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties, is the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's exposure to credit risk on trade as well as loan and loan interest receivables is influenced mainly by the individual characteristics of each customer and industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group has policies in place for the control and monitoring of such credit risk.

At the end of the reporting period, the Group had concentration of credit risk as 0% (2020: 100%) and 0% (2020: 100%) of the total trade receivables was due from the Group's largest customer and five largest customers respectively which had no history of default.

At the end of the reporting period, the Group had concentration of credit risk as 6% (2020: 6%) and 29% (2020: 28%) of the gross amount (before any accumulated loss impairment accounted for) of the total loan and loan interest receivables was due from the Group's largest loan and loan interest receivable and five largest loan and loan interest receivables respectively.

In respect of loan and loan interest receivables, individual credit evaluations are performed on all borrowers requiring credit over a certain amount. These evaluations focus on the borrowers' past history of making payments when due and current ability to pay, and take into account information specific to the borrowers.

In order to minimise the credit risk, the directors have determination of monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the directors of the Company review the recoverability of each individual receivable at the end of the reporting period to ensure that adequate impairment loss are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced. The Group does not have any significant concentration of credit risk, with exposure spread over a number of borrowers.

The credit risk on liquid funds is limited because all the Group's bank deposits are deposited with major banks in Hong Kong and the PRC with high credit rating.

(d) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

28. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk (Continued)

The tables below analysis the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. The tables include both interest and principal cash flows.

2021

	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount at 31 March 2021 HK$'000
Trade and other payables	36,768	-	-	36,768	36,768
Lease liabilities	420	-	-	420	411

2020

	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount at 31 March 2021 HK$'000
Trade and other payables	38,657	-	-	38,657	38,657
Lease liabilities	1,355	5,355	27,966	34,676	27,444

(e) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to the quoted market bid and ask prices respectively; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

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

28. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value of financial instruments (Continued)

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Equity securities listed in Hong Kong at fair value:						
Held-for-trading investments	-	-	-	183	-	-

The fair value of held-for-trading investments was based on quoted bid prices in an active market.

There were no transfers between Levels 1 and 2 in both years.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to provide an adequate return to shareholders.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies and process during the years ended 31 March 2021 and 2020.

The Group monitors capital on the basis of gearing ratio, which is calculated as total liabilities over total assets. The Group's strategy is to maintain the gearing ratio at a satisfactory level. The gearing ratio as at 31 March 2021 was 138% (2020: 71%).

30. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere in these consolidated financial statements, the Group had transactions with the following related parties during the year:

(a) Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2021 HK$'000	2020 HK$'000
Short-term benefits	3,664	3,874
Post-employment benefits	90	108
	3,754	3,982

(c) Sale and purchase agreement relating to the shares of Life Length Anti-Aging Centre (H.K.) Limited ("LLAA")

On 10 November 2020, the Group disposed of its entire equity interest in LLAA at an aggregate cash consideration of HK$1. On the disposal date, Mr. Lau Ngai Cheung and Mrs. Cheung Fan, Karen were the shareholders and directors of the purchaser, Purecell Biomedical Technology Company Limited, and shareholders and directors of the Company.

(d) Subscription agreement relating to shares in ZMAY Holdings Limited ("ZMAY")

On 10 November 2020, ZMAY issued and allotted 8 new shares of HK$1,875,000 each to a shareholder which diluted the shareholding of the Group from 100% to 20%. On the date of agreement, Mr. Lau Ngai Cheung and Mrs. Cheung Fan, Karen were the shareholders and directors of the subscriber of that new 8 shares, Purecell Biomedical Technology Company Limited, and shareholders and directors of the Company.

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

The outbreak of the COVID-19 since the beginning of 2020 is fluid and challenging situation facing all the industries of the society. The directors of the Company are monitoring the operation and continue to assess and react actively to the impact of COVID-19 outbreak on the Group's operations, financial position and financial performance accordingly.

Save as disclosed above, there was no other significant event took place subsequent to the end of the reporting period.

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) Particulars of the principal subsidiaries of the Company as at 31 March 2021 are as follows:

Name of Subsidiaries	Place of incorporation/ operation	Form of legal entity	Issue and paid up capital/registered capital	Proportion of nominal value of issued capital held by the Company				Principal activities
				2021		2020		
				Directly	Indirectly	Directly	Indirectly	
Royal Kit Trading Limited	Hong Kong	Limited liability company	Ordinary HK$10,000	-	100%	-	100%	Investment holding
深圳市康大生科貿易有限公司	The People's Republic of China	Limited liability company	HK$150,000,000	-	100%	-	100%	Trading business
Honorbase International Limited	British Virgin Islands	Limited liability company	Ordinary US$50,000	-	100%	-	100%	Investment holding
Gold Arch Group Limited	British Virgin Islands	Limited liability company	Ordinary US$1	100%	-	100%	-	Investment holding
159 Regenerative Medicine Group (H.K.) Limited	British Virgin Islands	Limited liability company	Ordinary US$100	51%		51%	-	Investment holding
159 Autologous StemCell LifeBank (H.K.) Limited	Hong Kong	Limited liability company	Ordinary HK$1	-	51%	-	51%	Storage and processing of stem cells
159 Anti-Aging Centre (H.K.) Limited	Hong Kong	Limited liability company	Ordinary HK$1	-	51%	-	51%	Stem cell anti-aging application related services
Asia Honest Finance Limited	Hong Kong	Limited liability company	Ordinary HK$1	100%	-	100%	-	Money lending business
Life Length Anti-Aging Center (H.K.) Limited*	Hong Kong	Limited liability company	Ordinary HK$1	-	-	-	100%	Investment holding

* Disposed during the year ended 31 March 2021

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(b) The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of company	Place of incorporation/ operation	Principal place of business	Proportion of ownership interest held by non-controlling interests		Loss attributable to non-controlling interests		Accumulated non-controlling interests	
			2021	2020	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
159 Regenerative Medicine Group (H.K.) Limited	British Virgin Islands	Hong Kong	49%	49%	(7)	(8)	(14,804)	(14,797)
159 Anti-Aging Centre (H.K.) Limited	Hong Kong	Hong Kong	49%	49%	(1)	(4)	(15,879)	(15,878)
159 Autologous Stem Cell LifeBank (H.K.) Limited	Hong Kong	Hong Kong	49%	49%	-	-	(9,342)	(9,342)
Individually immaterial subsidiaries with non-controlling interests							(6,356)	(6,355)
							(46,381)	(46,372)

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intra-group eliminations.

2021

	159 Regenerative Medicine Group (H.K.) Limited HK$'000	159 Anti-Aging Centre (H.K.) Limited HK$'000	159 Autologous Stem Cell Life Bank (H.K.) Limited HK$'000
Current assets	2	-	-
Non-current assets	-	-	-
Current liabilities	(34,620)	(83,721)	(19,066)
Non-current liabilities	-	-	
Equity attributable to owners of the Company	(17,655)	(42,498)	(9,724)
Non-controlling interests	(16,963)	(41,023)	(9,342)
Non-controlling interests (after intra-group eliminations)	(14,804)	(15,879)	(9,342)
Revenue	-	-	-
Expenses	(15)	-	-
Loss for the year	(15)	-	-
Loss attributable to owners of the Company	(8)	-	-
Loss attributable to the non-controlling interests	(7)	-	-
Loss for the year	(15)	-	-
Other comprehensive income attributable to owners of the Company	-	-	-
Other comprehensive income attbutable to the non-controlling interests	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive expense attributable to owners of the Company	(8)	-	-
Total comprehensive expense attributable to the non-controlling interests	(7)	-	-
Total comprehensive expense for the year	(15)	-	-
Dividends paid to non-controlling interests	-	-	-
Net cash outflows from operating activities	(8)	-	-
Net cash outflows from investing activities	-	-	-
Net cash inflows from financing activities	5	-	-
Net cash outflows	(3)	-	-

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

2020

	159 Regenerative Medicine Group (H.K.) Limited HK$'000	159 Anti-Aging Centre (H.K.) Limited HK$'000	159 Autologous Stem Cell Life Bank (H.K.) Limited HK$'000
Current assets	12	-	-
Non-current assets	-	-	-
Current liabilities	(34,614)	(83,721)	-
Non-current liabilities	-	-	(19,065)
Equity attributable to owners of the Company	(17,647)	(42,698)	-
Non-controlling interests	(16,955)	(41,023)	(9,723)
Non-controlling interests (after intra-group eliminations)	(14,797)	(15,878)	(9,342)
Revenue	-	-	-
Expenses	(16)	(9)	-
Loss for the year	(16)	(9)	-
Loss attributable to owners of the Company	(8)	(5)	-
Loss attributable to the non-controlling interests	(8)	(4)	-
Loss for the year	(16)	(9)	-
Other comprehensive income attributable to owners of the Company	-	-	-
Other comprehensive income attributable to the non-controlling interests	-	-	-
Other comprehensive income for the year	-	-	-
Total comprehensive expense attributable to owners of the Company	(8)	(5)	-
Total comprehensive expense attributable to the non-controlling interests	(8)	(4)	-
Total comprehensive expense for the year	(16)	(9)	-
Dividends paid to non-controlling interests	-	-	-
Net cash outflows from operating activities	(17)	-	-
Net cash outflows from investing activities	-	-	-
Net cash inflows from financing activities	15	-	-
Net cash outflows	(2)	-	-

32. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

(c) Disposal of subsidiaries

(i) 深圳市生命長度健康管理有限公司 (“深圳生命長度”)
On 11 May 2020, the Group disposed of its entire equity interest in 深圳生命長度, at an aggregate cash consideration of HK$2. Upon completion of the disposal, 深圳生命長度 ceased to be a wholly-owned subsidiary of the Group. The net liabilities disposed of are as follows:

(ii) ZMAY Holdings Limited and its wholly-owned subsidiary, Hong Kong Life Medical Laboratory Limited (“ZMAY Group”)
On 10 November 2020, ZMAY issued and allotted 8 new shares of HK$1,875,000 each to a shareholder which diluted the shareholding of the Group from 100% to 20%, resulting in a loss of control of ZMAY Group. Accordingly, the investment in ZMAY Group was recognised as interest in associate. The net liabilities disposed of are as follows:

(iii) Life Length Anti-Aging Center (H.K.) Limited and its wholly-owned subsidiary, 生命長度科技（深圳）有限公司 (“LLAA Group”)
On 10 November 2020, the Group disposed of its entire equity interest in LLAA Group, at an aggregate cash consideration of HK$1. Upon completion of the disposal, LLAA Group ceased to be a wholly-owned subsidiary of the Group. The net liabilities disposed of are as follows:

	深圳生命長度 HK$'000	ZMAY Group HK$'000	LLAA Group HK$'000	Total HK$'000
Assets/(liabilities) disposed of:				
Current assets	9	51	1,197	1,257
Non-current assets	-	6,542	2,083	8,625
Current liabilities	(490)	(8,061)	(6,932)	(15,483)
Non-current liabilities	-	(22,164)	-	(22,164)
Net liabilities disposed of	(481)	(23,632)	(3,652)	(27,765)
Gain on disposal:	HK$'000	HK$'000	HK$'000	HK$'000
Consideration received	-	-	-	-
Net liabilities disposed of	481	23,632	3,652	27,765
Release of translation reserve	247	-	(1,167)	(920)
	728	23,632	2,485	26,845
Net cash outflows arising on disposal:	HK$'000	HK$'000	HK$'000	HK$'000
Cash consideration received	-	-	-	-
Cash and cash equivalents disposed of	1	27	166	194
	1	27	166	194

33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Non-Current assets		
Property, plant and equipment	29	42
Investment in subsidiaries	390	9,270
Total non-current assets	419	9,312
Current assets		
Trade and other receivables	13	13
Amount due from subsidiaries	161	
Held-for-trading investments	-	183
Cash and bank balances	240	6,933
Total current assets	414	7,129
Current liabilities		
Amount due to subsidiaries	-	333
Trade and other payables	515	2,081
Total current liabilities	515	2,414
Net current (liabilities)/assets	(101)	4,715
Net assets	318	14,027
Capital and reserves		
Share capital	227,536	227,536
Reserves	(227,218)	(213,509)
Total equity	318	14,027

Approved and authorised for issue by the board of directors on 22 November 2021.

LU Zhiqiang
Director

CHUI Kwong Kau
Director

33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(a) Movements of the Company's reserves

	Share premium HK$'000	Share options reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2019 and at 1 April 2019	675,345	-	(708,570)	(33,225)
Loss for the year	-	-	(180,284)	(180,284)
Total comprehensive expense for the year	-	-	(180,284)	(180,284)
At 31 March 2020	675,345	-	(888,854)	(213,509)
At 31 March 2020 and at 1 April 2020	675,345	-	(888,854)	(213,509)
Loss for the year	-	-	(13,709)	(13,709)
Total comprehensive expense for the year	-	-	(13,709)	(13,709)
At 31 March 2021	675,345	-	(902,563)	(227,218)

33. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(b) Nature and purpose of reserves

(i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Special reserve

The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 2002.

(iii) Share options reserve

The share options reserve represents the fair value of the number of unexercised share options granted by the Company recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(y)(i).

(iv) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 4(h).

(c) Distributability of reserves

In the opinion of the directors of the Company, the Company's reserves available for distribution to shareholders as at 31 March 2021 was HK$Nil (2020: Nil).