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中汇 ZHONGHUI

中匯安達會計師事務所有限公司
ZHONGHUI ANDA CPA LIMITED
香港九龍灣宏照道38號企業廣場第五期2座23樓
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24 August 2023

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHONG KIN GROUP HOLDINGS LIMITED

Introduction

We report on the historical financial information of Kingdom Honour Holdings Limited (the "Disposal Company") and its subsidiaries (hereinafter collectively referred to as the "Disposal Group") set out on pages VI-5 to VI-33, which comprises the consolidated statement of financial position of the Disposal Group as at 31 March 2021, 2022 and 2023, 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 each of the three years ended 31 March 2023 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the Offer Document of the Company dated 24 August 2023 in connection with the proposed disposal of the entire equity interest in the Disposal Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Disposal Group's financial position as at 31 March 2021, 2022 and 2023 and of the Disposal Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which mentions that the Disposal Group incurred a loss attributable to owners of the Company of approximately HK$5.1 million for the year ended 31 March 2023 and as at 31 March 2023, the Disposal Group had net current liabilities and net liabilities of approximately HK$99.3 million and HK$98.9 million, respectively. In addition, as at 31 March 2023, the Disposal Group's other receivables and bank and cash balances of approximately HK$135.8 million and HK$155.9 million respectively is insufficient to cover the current liabilities of approximately HK$391.0 million. These conditions indicate a material uncertainty which may cast significant doubt on the Disposal Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements have been made.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Wan Ho Yuen
Audit Engagement Director
Practising Certificate Number P04309
Hong Kong, 24 August 2023

HISTORICAL FINANCIAL INFORMATION OF THE DISPOSAL GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

Kingdom Honour Holdings Limited (the "Disposal Company") was incorporated on 8 July 2019 in the British Virgin Islands with limited liability and acts as an investment holding company. The Disposal Company and its subsidiaries are hereinafter collectively referred to as the "Disposal Group". As at the date of this report, the Disposal Company has the following subsidiaries:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/registered capital	Attributable equity interest of the Disposal Group	Principal activities
Hartman Education Enterprise Limited ("Hartman")	Grenada 10 November 2020	US$100	100%	Real estate development

All the companies of the Disposal Group have adopted 31 March as the financial year end date.

No audited financial statements of Hartman and the Disposal Company have been prepared for the Relevant Periods as there is no statutory audit requirement in the country of their incorporation.

The directors of the Company have prepared the consolidated financial statements of the Disposal Group for the Relevant Periods in accordance with HKFRSs (the "Underlying Financial Statements"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in HK$ and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three years ended 31 March 2023

	Notes	2021 HK$'000	2022 HK$'000	2023 HK$'000
CONTINUING OPERATIONS				
Revenue		–	–	–
Other income	8	–	–	49
Administrative and other operating expenses		(1,672)	(4,183)	(493)
Impairment loss of financial assets	10	–	(23,315)	(4,623)
Finance costs	9	–	(37)	(2)
LOSS BEFORE TAXATION		(1,672)	(27,535)	(5,069)
Income tax expense	11	–	–	–
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	10	(1,672)	(27,535)	(5,069)
DISCONTINUED OPERATIONS				
LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS	12	(49)	(62,809)	–
LOSS FOR THE YEAR		(1,721)	(90,344)	(5,069)
Other comprehensive expenses for the year, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		(5)	(190)	(246)
Exchange differences reclassified to profit or loss on disposal of subsidiaries		–	(121)	–
OTHER COMPREHENSIVE EXPENSES FOR THE YEAR, NET OF TAX		(5)	(311)	(246)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR		(1,726)	(90,655)	(5,315)

	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
Loss from continuing operations	(1,672)	(27,535)	(5,069)
Loss from discontinued operations	(49)	(62,809)	–
Loss attributable to owners of the Company	(1,721)	(90,344)	(5,069)
TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
Loss from continuing operations	(1,677)	(27,725)	(5,315)
Loss from discontinued operations	(49)	(62,930)	–
	(1,726)	(90,655)	(5,315)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021, 2022 and 2023

	Notes	2021 HK$'000	2022 HK$'000	2023 HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	29	574	434
Properties under development	14	183,020	–	–
Right-of-use assets	15	–	616	–
		183,049	1,190	434
CURRENT ASSETS				
Other receivables	17	54	133,700	135,809
Bank and cash balances	18	114,645	155,465	155,898
		114,699	289,165	291,707
CURRENT LIABILITIES				
Other payables	19	5	23,391	30,122
Lease liabilities	21	–	667	–
Amount due to immediate holding company	20	300,677	359,886	360,923
		300,682	383,944	391,045
NET CURRENT LIABILITIES		(185,983)	(94,779)	(99,338)
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,934)	(93,589)	(98,904)
NET LIABILITIES		(2,934)	(93,589)	(98,904)
CAPITAL AND RESERVES				
Share capital	22	–*	–*	–*
Reserves	23	(2,934)	(93,589)	(98,904)
TOTAL EQUITY		(2,934)	(93,589)	(98,904)

* The Share capital amount as at 31 March 2021, 2022 and 2023 is HK$8.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three years ended 31 March 2023

	Attributable to owners of the Company			
	Share capital	Translation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2020	–	–	(1,208)	(1,208)
Loss and other comprehensive loss for the year	–	(5)	(1,721)	(1,726)
At 31 March 2021	–*	(5)	(2,929)	(2,934)
At 1 April 2021	–	(5)	(2,929)	(2,934)
Loss and other comprehensive loss for the year	–	(311)	(90,344)	(90,655)
At 31 March 2022	–*	(316)	(93,273)	(93,589)
At 1 April 2022	–	(316)	(93,273)	(93,589)
Loss and other comprehensive loss for the year	–	(246)	(5,069)	(5,315)
At 31 March 2023	–*	(562)	(98,342)	(98,904)

* The Share capital amount as at 31 March 2021, 2022 and 2023 is HK$8.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the three years ended 31 March 2023

	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax from continuing operations	(1,672)	(27,535)	(5,069)
Loss from discontinued operations	(49)	(62,809)	–
Adjustments for:			
Depreciation of property, plant and equipment	2	164	142
Depreciation of right-of-use assets	–	1,095	241
Finance costs	–	55	2
Gain on disposal of subsidiaries	–	(8,059)	–
Impairment loss on properties under development	–	61,038	–
Impairment loss on other receivables from Grenada Government	–	23,315	3,129
Impairment losses of financial assets	–	–	1,494
Operating cash flows before movements in working capital	(1,719)	(12,736)	(61)
Change in properties under development	(183,020)	–	–
Change in inventories	2,947	–	–
Change in other receivables	4,401	(27,101)	(6,782)
Change in other payables	(2,202)	23,386	6,731
Cash used in operations	(179,593)	(16,451)	(112)
Income tax paid	–	–	–
Lease interest paid	–	(55)	(2)
Net cash flows used in operating activities	(179,593)	(16,506)	(114)

	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	–	(919)	–
Net cash inflow on disposal of a subsidiary	–	317	–
Net cash flows used in investing activities	–	(602)	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in amount due to immediate holding company	292,325	59,209	1,037
Repayment of lease liabilities	–	(1,043)	(233)
Net cash flows generated from financing activities	292,325	58,166	804
NET INCREASE IN CASH AND CASH EQUIVALENTS	112,732	41,058	690
Cash and cash equivalents at beginning of year	1,949	114,645	155,465
Net foreign exchange difference	(36)	(238)	(257)
Cash and cash equivalents at end of year	114,645	155,465	155,898
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash	114,645	155,465	155,898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three years ended 31 March 2023

1. GENERAL INFORMATION

The Company was incorporated in the British Virgin Islands on 8 July 2019. The address of the registered office of the Company is 3rd, J&C Building, Road Town, Tortola, BVI and the principal place of business of the Company is Suite 6808, 68th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in Note 16 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 March 2023, Chong Kin Group Holdings Limited ("Chong Kin"), a company incorporated in the Cayman Islands, is the immediate holding company and Prestige Rich Holdings Limited ("Prestige Rich"), a company incorporated in the British Virgin Islands ("BVI"), is the ultimate holding company of the Company. Mr. Zhang Jinbing is the ultimate controlling shareholder of the Company.

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

2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 below which conform with HKFRSs. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2.1 GOING CONCERN BASIS

The Disposal Group incurred a loss attributable to owners of the Company of approximately HK$5.1 million for the year ended 31 March 2023 and as at 31 March 2023, the Disposal Group had net current liabilities and net liabilities of approximately HK$99.3 million and HK$98.9 million, respectively. In addition, as at 31 March 2023, the Disposal Group's trade and other receivables and bank and cash balances of approximately HK$135.8 million and HK$155.9 million respectively is insufficient to cover the current liabilities of approximately HK$391.0 million. These conditions indicate a material uncertainty which may cast significant doubt on the Disposal Group's ability to continue as a going concern. Therefore, the Disposal Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the immediate holding company, at a level sufficient to finance the working capital requirements of the Disposal Group. The immediate holding company has agreed to provide adequate funds for the Disposal Group to meet its financial obligations as and when they fall due within next twelve months from 31 March 2023. The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Disposal Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Disposal Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the Relevant Periods, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its respective accounting years beginning on 1 April 2022. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the Relevant Periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the consolidated financial statements of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in Note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealized profits are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognized in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognized in other comprehensive income (for example, equity investment at fair value through other comprehensive income), the amount that was recognized in other comprehensive income is recognized on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognized in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional currency. The functional currency of the major subsidiaries of the Group is US$.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognized in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognized in the translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognized in the translation reserve. When a foreign operation is sold, such exchange differences are recognized in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or lease term, where applicable. The principal annual rates/useful lives are as follows:

Furniture, fixtures and office equipment	20%
Motor vehicles	20%

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

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in profit or loss.

Properties under development

Properties under development are stated at cost less any impairment losses. Cost of properties under development comprises cost of acquisition, land cost, construction costs, development costs, capitalized borrowing costs and other direct costs attributable to the development. The land cost is recognized on the straight-line basis over the lease term. Impairment is assessed by the directors based on prevailing market prices, on an individual property basis.

Leases

The Group as lessee

Leases are recognized as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal useful lives are as follows:

Leased properties	Over lease term

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognized as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US$5,000.

The Group as lessor

(i) Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

(ii) Finance leases

Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the leases.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognized when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

Financial assets

Financial assets are recognized and derecognized on a trade day basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognized at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

(i) *Financial assets at amortized cost*

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortized cost using the effective interest method less loss allowance for expected credit losses.

Loss allowances for expected credit losses

The Group recognizes loss allowances for expected credit losses, on financial assets at amortized cost and lease receivables. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognized in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. The accounting policies adopted for specific financial liabilities are set out below.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortized cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

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

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

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

- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; 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.

If a performance obligation is satisfied over time, revenue is recognized by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the product or service.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognized at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs and involves the payment of termination benefits.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognized in profit or loss 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.

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

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, 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.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognized in profit or loss, except when it relates to items recognized in other comprehensive income or directly in equity, in which case the deferred tax is also recognized in other comprehensive income or directly in equity.

The measurement of deferred tax 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 and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

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

Related parties

A related party is a person or entity that is related to the Group.

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company.

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

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

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

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

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

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except investments and receivables 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 any impairment loss. 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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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 or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or 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 (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized 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.

Provisions and contingent liabilities

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

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

Events after the reporting period

Events after 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.

Discontinued operation

A discontinued operation is a component of the Group, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss and other comprehensive income, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

5. KEY ESTIMATES

Key sources of estimation uncertainty

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, are discussed below.

(a) Provision of ECL for trade and other receivables

The Group uses provision matrix to calculate ECL for the trade and other receivables. The provision rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade and retention receivables and contract assets with significant balances and credit impaired receivables are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

(c) Credit risk

The carrying amount of the cash and bank balances and trade and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorizes a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	**Definition**	**Loss provision**
Performing	Low risk of default and strong capacity to pay	12-month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year	**Total**
	HK$'000	*HK$'000*
31 March 2023		
Other payables	30,122	30,122
Amount due to immediate holding company	360,923	360,923
	391,045	391,045

	Less than 1 year	**Total**
	HK$'000	*HK$'000*
31 March 2022		
Other payables	23,391	23,391
Lease liabilities	677	677
Amount due to immediate holding company	359,886	359,886
	383,954	383,954

	Less than 1 year	**Total**
	HK$'000	*HK$'000*
31 March 2021		
Other payables	5	5
Amount due to immediate holding company	300,677	300,677
	300,682	300,682

(e) **Categories of financial instruments**

	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
Financial assets:			
Financial assets at amortized cost			
– Other receivables	54	133,700	135,809
– Bank and cash balances	114,645	155,465	155,898
	114,699	289,165	291,707
Financial liabilities:			
Financial liabilities at amortized cost			
– Other payables	5	23,391	30,122
– Lease liabilities	–	667	–
– Amount due to immediate holding company	300,677	359,886	360,923
	300,682	383,944	391,045

(f) **Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operations and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce debt. The Group's overall strategy remains unchanged from prior year.

(g) **Fair values**

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company who reviews consolidated results of the Group when making decisions about resources allocation and assessing the performance of the Group. The executive directors consider that the Group operates mainly in one business segment and the measurement of segment result is based on loss for the year as presented in the consolidated statement of profit or loss and other comprehensive income.

The majority of the Group's activities are carried out in Grenada during the years presented and the majority of the Group's assets and liabilities are located in Grenada. Accordingly, no analysis by geographical basis for the years are presented.

During the year ended 31 March 2022, the only operating segment, Real estate development was disposed. The segment information reported does not include any amounts for these discontinued operations, which are described in detail in Note 12.

8. OTHER INCOME

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*
Sundry income	–	–	49

9. FINANCE COSTS

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*
Interest on lease liabilities	–	37	2

10. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging:

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*
Auditors' remuneration *(note)*:			
– Audit services	–	–	–
Depreciation of property, plant and equipment	2	164	142
Depreciation of right-of-use assets	–	1,095	241
Impairment loss of financial assets	–	23,315	4,623
	–	24,574	5,006
Staff costs including directors' remuneration:			
Wages and salaries	77	2,384	–
Pension scheme contributions	–	77	–
	77	2,461	–

Note: Auditors' renumeration for the Relevant Periods is borne by the immediate holding company.

11. INCOME TAX EXPENSE

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*
Current tax	–	–	–
Deferred taxation	–	–	–
Income tax expense	–	–	–

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity in Hong Kong are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%. The profits of the other group entities in Hong Kong are taxed at a flat rate of 16.5%.

The Group's subsidiary in the Grenada is subject to Corporation Tax in the Grenada ("Corporation Tax"). Corporation Tax is calculated at 10% of the estimated assessable profits for the years ended 31 March 2021 and 2022.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

Reconciliation between income tax expenses and accounting loss at applicable tax rates:

	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
Loss from continuing operations before taxation	(1,672)	(27,535)	(5,069)
Tax calculated at effective tax rate	(167)	(2,754)	(507)
Tax effect of non-taxable income	–	–	(5)
Tax effect of expenses not deductible for tax purposes	–	2,332	462
Tax effect of tax losses not recognized	167	422	50
Taxation for the year	–	–	–

The Group has unused tax losses of approximately HK$1,672,000, HK$5,892,000 and HK$6,392,000 available for offset against future profits for the years ended 31 March 2021, 2022 and 2023. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. All losses may be carried forward indefinitely.

12. DISCONTINUED OPERATIONS

	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
The loss for the year from the discontinued operations is analysed as follow:			
Loss from discontinued operations			
– Real estate development	(49)	(62,809)	–

The Group's discontinued operations for the year ended 31 March 2021 and 31 March 2022 represented the businesses involving real estate development operated by Hartman Education Service Limited.

The result of the discontinued operations of Hartman Education Service Limited for the period from 1 April 2021 to their respective dates of disposal, which have been included in consolidated profit or loss, are as follows:

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*
Revenue	–	961	–
Cost of sales	–	–	–
Gross profit	–	961	–
Other income	2	4	–
Administrative and other operating expenses	(51)	(10,777)	–
Gain on disposal of a subsidiary	–	8,059	–
Impairment	–	(61,038)	–
Finance costs	–	(18)	–
Loss before income tax from discontinued operations	(49)	(62,809)	–
Income tax expense	–	–	–
Loss for the year from discontinued operations	(49)	(62,809)	–

No tax charge or credit arose on gain on disposal of the discontinued operation.

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
COST:			
At 1 April 2020	31	–	31
Exchange realignment	–	–	–
At 31 March 2021 and 1 April 2021	31	–	31
Additions	307	612	919
Disposal of a subsidiary	(240)	–	(240)
Exchange realignment	7	–	7
At 31 March 2022 and 1 April 2022	105	612	717
Additions	–	–	–
Exchange realignment	–	2	2
At 31 March 2023	105	614	719
ACCUMULATED DEPRECIATION AND IMPAIRMENT:			
At 1 April 2020	–	–	–
Provided during the year	2	–	2
Exchange realignment	–	–	–
At 31 March 2021 and 1 April 2021	2	–	2
Provided during the year	42	122	164
Disposal of a subsidiary	(23)	–	(23)
Exchange realignment	–	–	–
At 31 March 2022 and 1 April 2022	21	122	143
Provided during the year	42	100	142
Exchange realignment	–	–	–
At 31 March 2023	63	222	285
CARRYING AMOUNT:			
At 31 March 2021	29	–	29
At 31 March 2022	84	490	574
At 31 March 2023	42	392	434

14. PROPERTIES UNDER DEVELOPMENT

	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
Land cost	155,497	–	–
Development costs	27,523	–	–
Net carrying amount at the end of the financial year	183,020	–	–

Land cost represents cost of acquisition for a freehold land in Grenada and development costs represents costs incurred after acquisition of the land, which were capitalized.

On 26 November 2021, the sale and purchase agreement for the acquisition of land parcel in Grenada was terminated between the Government of Grenada and the Group, the Government of Grenada shall return the consideration in the sum of US$20,000,000 to the Group. As such, the land cost and related development costs were derecognized on 26 November 2021.

15. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
At 31 December:			
Right-of-use assets			
– Leased properties	–	616	–

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

	2021	2022	2023
– Less than 1 year	–	677	–
– 1–2 years	–	–	–
	–	677	–
Year ended 31 December:			
Depreciation charge of right-of-use assets			
– Leased properties	–	1,095	241
Lease interests	–	37	2
Total cash outflow for leases	–	1,080	235
Additions to right-of-use assets	–	1,711	–

The Group leases offices under leases expiring in 1 year. Some leases include option to renew the lease when all terms are re-negotiated. None of the leases includes variable lease payments. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

16. SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Company name	Place of incorporation or registration/ operations	Issued and paid up capital	Percentage of equity interests attributable to the Company 2021	2022	2023	Principal activities
Direct						
Hartman Education Service Limited	Hong Kong	HK$100	100%	N/A*	N/A*	Real estate development
Hartman Education Enterprise Ltd.	Grenada	US$100	100%	100%	100%	Real estate development

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

* Disposed on 28 February 2022

17. OTHER RECEIVABLES

	Notes	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*
Other receivable from the Government of Grenada	(i)	–	155,450	155,890
Other receivables		11	1,484	7,833
Other deposits and prepayments		43	83	76
Provision for loss allowance	(ii)	–	(23,317)	(27,990)
Other receivables, net		54	133,700	135,809
Total other receivables		54	133,700	135,809

Notes:

(i) On 26 November 2021, the sale and purchase agreement for the acquisition of land parcel in Grenada was terminated between the Government of Grenada and the Group, the Government of Grenada shall return the consideration in the sum of US$20,000,000 to the Group. Based on the valuation report prepared by independent professional valuers, Vincorn Consulting and Appraisal Limited, as at 31 March 2022 and 31 March 2023, the expected recoverable amount in respect of the abovementioned receivable is approximately HK$132,132,500 and HK$129,388,700, respectively, and an impairment loss of approximately HK$23,317,000 and HK$26,501,000, was recognised for the years ended 31 March 2022 and 2023, respectively.

(ii) Reconciliation of the loss allowance for other receivables:

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*
At 1 April	–	–	23,317
Impairment loss	–	23,315	4,623
Exchange realignment	–	2	50
At 31 March	–	23,317	27,990

18. BANK AND CASH BALANCES

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*
Cash at bank	114,644	155,459	155,892
Cash on hand	1	6	6
Bank and cash balances	114,645	155,465	155,898
Denominated in:			
ECD (Eastern Caribbean dollar)	9	9	9
US$	114,636	155,456	155,889
	114,645	155,465	155,898

For the Relevant Periods, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

19. OTHER PAYABLES

	2021 *HK$'000*	2022 *HK$'000*	2023 *HK$'000*
Accrued salaries	–	1,479	1,483
Other accruals	–	2,691	2,617
Other payables	5	19,221	26,022
	5	23,391	30,122

20. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount is unsecured, non-interest bearing and has no fixed term of repayment.

21. LEASE LIABILITIES

	Lease payments 2022 *HK$'000*	Present value of lease payments 2022 *HK$'000*
Within 1 year	677	667
	677	
Less: Future finance charges	(10)	
Present value of lease payments	667	667
Less: Amount within 12 months (shown under current liabilities)		(667)
Amount receivable after 12 months		–

The incremental borrowing rate applied to the lease liabilities was 4.01%.

22. SHARE CAPITAL

	Number of shares	Amount *HK$*
Authorized, issued and fully paid:		
Ordinary shares of US$1 each		
At 31 March 2021, 2022 and 2023	1	8

23. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) **Company**

	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 April 2020	–	–
Loss for the year	(7)	(7)
At 31 March 2021 and 1 April 2021	(7)	(7)
Loss for the year	(11)	(11)
At 31 March 2022 and 1 April 2022	(18)	(18)
Loss for the year	(18)	(18)
At 31 March 2023	(36)	(36)

24. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of a subsidiary

On 28 February 2022, the Group entered into a disposal agreement with an independent third party in relation to the disposal of entire equity interest in Hartman Education Service Limited at a total consideration of approximately HK$638,000. The disposal was completed on 28 February 2022, the date on which the control of Hartman Education Service Limited was passed to the acquirer.

	HK$'000
Net liabilities at the date of disposal were as follows:	
Property, plant and equipment	217
Other receivables	451
Cash and bank balances	321
Other payables	(8,869)
Net liabilities disposed of	(7,880)
Gain on disposal of subsidiaries:	
Consideration	638
Net liabilities disposed of	7,880
Reclassification of foreign currency translation reserve	(459)
Gain on disposal	8,059
Net cash outflow arising on disposal:	
Cash consideration received	638
Cash and cash equivalents disposed of	(321)
	317

25. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

Save as disclosed elsewhere in the consolidated financial statements, the Group did not have other transactions with related parties during the Relevant Periods.

26. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021	2022	2023
	HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSET			
Investment in subsidiaries	1	1	1
CURRENT LIABILITIES			
Amount due to immediate holding company	8	19	37
NET CURRENT ASSETS/(LIABILITIES)	(8)	(19)	(37)
NET LIABILITIES	(7)	(18)	(36)
EQUITY			
Share capital	–*	–*	–*
Reserves	(7)	(18)	(36)
TOTAL EQUITY	(7)	(18)	(36)

* The Share capital amount as at 31 March 2021, 2022 and 2023 is HK$8.

27. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 24 August 2023.