

GOLDEN 2022 RESOURCES

ANNUAL REPORT



GOLDEN RESOURCES
DEVELOPMENT INTERNATIONAL LIMITED
(Stock Code: 677)

Incorporated in Bermuda with Limited Liability

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Laurent LAM Kwing Chee (*Chairman*)

Anthony LAM Sai Ho (*Vice Chairman and
Chief Executive Officer*)

LAM Sai Mann

Morna YUEN Mai-tong

TSANG Siu Hung

Non-Executive Director

Dennis LAM Saihong

Independent Non-executive Directors

Joseph LAM Yuen To

Michael YU Tat Chi

Ronald YAN Mou Keung

COMPANY SECRETARY

CHEUK Yuk Lung

AUDITOR

HLM CPA Limited

Certified Public Accountants

PRINCIPAL BANKER

The Hongkong & Shanghai Banking
Corporation Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM11, Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Ocorian Management (Bermuda) Limited

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM10, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Golden Resources Centre

2-12 Cheung Tat Road

Tsing Yi Island, New Territories

Hong Kong

COMPANY WEBSITE

<http://www.grdil.com>

STOCK CODE

The Stock Exchange of Hong Kong Limited:
677



Office in 1960s

Our Vision

To provide industry-leading products and services, and continue to innovate on our brands and businesses to better serve the aspirations of our stakeholders.

Our Mission

To consistently offer the broadest selection of premium products and services, and provide the best consumer experience to global customers.



Mr Lam But Chung

1946



Kangaroo Brand

1950



Golden Elephant Brand

1982



Cherry Blossom
Castle Brand



Tiwo Brand

Chairman Statement

On behalf of Golden Resources Development International Limited, I would like to present the business review of our Group for the financial year ended 31st March, 2022.

The global business environment remained challenging during the 2021/2022 financial year. Moving forward, with recent relaxation of COVID-19 restrictions, our Vietnam business is embarking on a new stage of robust recovery, while making tentative progress in Hong Kong based on improving trends and latest updates.

Circle K Convenience Store Business

In Vietnam, the fallouts of COVID-19 pandemic brought the economy to a near standstill during the 2021/2022 financial year. The retail sector was especially hit hard by a series of lockdowns, curfews and strict social distancing restrictions. The unprecedented and unpredictable changes in the overall business and social environments with plunging tourist arrivals and foot traffic adversely affected the performance of the Group's convenience store business.



To withstand the impact of COVID-19, the Group continues to strengthen our convenience store business with hygiene maintenance enhancements, innovative marketing initiatives and operating efficiencies. With our solid foundation and well-established distribution network, our Circle K convenience stores were mandated by the Vietnam Government to stay open during the lockdown period in the summer of 2021, to supply essential products to the community and serve the people in need.



Golden Boat Brand



Tin Heung Brand



Vitrarice



Amstar



Thumb Brand



Laurel Blossoms

1985



1986



1989



As of 31st March, 2022, the Group was operating 383 convenience stores covering 8 major cities in the country.

Going forward with a steadfast outlook, our convenience store business posted strong rebound in sales revenue with positive net profits in the first two months of subsequent financial year. These encouraging results were boosted by replaced under performance stores and relocated stores in better locations during pandemic period.

With a strong recovery momentum, the Group believes that the business environment in Vietnam is returning to normalcy and our convenience store business will be progressing well and delivering favourable financial performances in the current and future reporting periods.

Rice Business

Our rice business performance in Hong Kong remained steady for the year under review. The fifth wave of COVID-19 pandemic battered the business environment. The Group had extended our effective Business Continuity Measures to mitigate the business risks.

To fulfill our social responsibility to serve Hong Kong community with stable rice supply under the COVID-19 challenges, proactive measures were taken to secure rice import amid the global supply chain disruptions. Preventive measures on sanitising and pre-emptive Rapid Antigen Testing for all staff were also implemented in the workplace to safeguard the health and well-being of our employees.

On business development side, the rice market in Hong Kong is saturated with keen competition. The Group continues to leverage on our market leadership with focus on market expansion and product innovation. The Group's strategic expansion of our premium Golden Elephant brand rice to Mainland China market has received overwhelming positive responses with robust growth potential.



Golden Shield Brand

1989



Q-Mark
Certificate

1993



ISO9001, HACCP &
ISO22000 Certification

2003



Degradable Plastic Bag

2006



Golden Elephant
Pearl Rice

2013



Golden Elephant Brand
Cooked Jasmine Rice

2018



The Group continues to broaden our product range to supply healthy and innovative rice products. Extending from the success of our Golden Elephant Microwavable Cooked Rice series, we have recently collaborated with reputable food producers to launch the new Golden Elephant Microwavable Home Meals to serve our consumers with convenient premium home meals.

As a company with a deep and enduring history in Hong Kong, Golden Resources is committed to serving our community. In August 2021, we opened a Rice Stall in the Hong Kong Heritage Central Market to share our rice culture. We are pleased that our Golden Resources Rice Stall can serve as a platform to curate cherished memories and present the cultural roots of the Hong Kong Rice Industry to younger generations.

Looking ahead, the Group believes that with the vaccination programs steadily achieving their goal of providing a protective shield, the COVID-19 pandemic will soon be better mitigated and the global economy will steadily recuperate. We continue to be vigilant as the path towards normalcy will be arduous with not only covid but other viral, economic and geopolitical adversities.

As of 31st March, 2022, the Group had net cash and bank balances of HK\$455 million with no outstanding bank borrowings. With our strong balance sheet, we are well poised to pursue quality business investment opportunities to generate stable recurring income streams and add value for the shareholders.

On behalf of the Board, I would like to express my heartfelt appreciation to all our staffs for taking care of the daily needs of our customers and communities, in Hong Kong and Vietnam, in these exceptional times.



Golden Elephant Brand Cooked Japanese Rice

2019



Double Ram

2021



Golden Elephant Brand Cooked Brown Rice

2022



Golden Elephant Brand Cooked 16 Multi Grain Rice



Lee Kum Kee X Golden Elephant Brand Abalone in Premium Oyster Sauce with Dried Scallop and Rice

2022

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK1.2 cents per share (2021: HK1.2 cents per share) for the year ended 31st March, 2022 to the shareholders on the Register of Members of the Company at the close of business on Monday, 5th September, 2022. Together with the interim dividend of HK1.2 cents per share paid on Monday, 10th January, 2022, the total dividends for the year ended 31st March, 2022 will be HK2.4 cents per share (2021: HK2.3 cents per share).

Subject to the approval of shareholders at the forthcoming annual general meeting to be held on Tuesday, 30th August, 2022, the final dividend will be paid to the shareholders on or about Monday, 19th September, 2022.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

For the purpose of determining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the Register of Members of the Company will be closed from Wednesday, 24th August, 2022 to Tuesday, 30th August, 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders whose names appear on the Register of Members of the Company at the close of business on Tuesday, 23rd August, 2022 will be entitled to attend and vote at the forthcoming annual general meeting. All transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (if the transfer will be lodged before 15th August, 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (if the transfer will be lodged on or after 15th August, 2022) for registration not later than 4:30 p.m. (Hong Kong time) on Tuesday, 23rd August, 2022.

Remarks: The address of the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Standard Limited, will be changed to 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong with effect from 15th August, 2022. For details, please refer to the Company's announcement to be made in due course.



LAST DAY FOR TRADING AND RECORD DATE FOR THE ENTITLEMENT TO FINAL DIVIDEND

The last day for trading in the Company's shares with entitlement to the final dividend will be on Thursday, 1st September, 2022. The Company's shares will be traded ex-entitlement on Friday, 2nd September, 2022.

The record date for the entitlement to the final dividend is at 4:30 p.m. (Hong Kong time) on Monday, 5th September, 2022. In order to qualify for the final dividend, if approved, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (if the transfer will be lodged before 15th August, 2022) or 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong (if the transfer will be lodged on or after 15th August, 2022) for registration not later than 4:30 p.m. (Hong Kong time) on Monday, 5th September, 2022. The final dividend will be paid on or about Monday, 19th September, 2022.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares for the year ended 31st March, 2022.

On behalf of the Board

Laurent LAM Kwing Chee

Chairman

Hong Kong, 28th June, 2022



Report of the Directors

The Directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2022.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and its subsidiaries are engaged in the business of sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice, convenience store operation, packaging materials operation, securities investment, property investment and investment holding.

Analyses of the Group's revenue and segment results by operating segment and geographical segment are set out in note 6 to the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review, business environment remained challenging amid the fallouts of COVID-19 pandemic. The Group recorded total revenue of HK\$1,774,233,000 for the year ended 31st March, 2022 as compared to HK\$1,614,360,000 for last year. Revenue of the Group's core businesses recorded slight decrease in revenue on the back of the unprecedented market uncertainties across the globe. Our convenience store operation in Vietnam recorded revenue of HK\$822,819,000 (2021: HK\$829,566,000) and rice operation in Hong Kong recorded revenue of HK\$779,218,000 (2021: HK\$781,046,000). The Group's new business segment of packaging materials operation contributed external sales revenue of HK\$168,700,000 for the year under review.

In the midst of the tough business environment, the Group recorded net profit attributable to shareholders of HK\$18,697,000 for the year ended 31st March, 2022, as compared to net profit attributable to shareholders of HK\$40,212,000 for last year ended 31st March, 2021. The decrease in net profit for the year ended 31st March, 2022 was mainly attributable to the net effect of (i) net unrealized loss on financial assets at fair value through profit or loss of HK\$3,509,000 for the year ended 31st March, 2022 as compared to net unrealized gain of HK\$37,883,000 for last year ended 31st March, 2021; (ii) net impairment loss of HK\$9,787,000 on right-of-use assets and equipment of convenience store operation; (iii) adverse impact of COVID-19 pandemic on the Group's core business results and (iv) gain of HK\$24,368,000 on deemed acquisition of subsidiaries, arising from remeasurement of fair value of previously held equity interest in associates and deemed acquisition of additional equity interest, during the year ended 31st March, 2022.

Convenience Store Operation

During the year ended 31st March, 2022, the fallouts of COVID-19 pandemic brought the Vietnam economy to a near standstill. In the wake of the largest outbreak of COVID-19 pandemic in Vietnam during the year, the Government imposed stringent anti-pandemic measures with hard lockdowns, curfews and social distancing restrictions which hampered business and social activities. The unprecedented challenging business environment, with record-low level of tourist arrivals and foot traffics, adversely impacted the Group's convenience store business. Our convenience store operation segment recorded a net loss of HK\$104,700,000 for the year ended 31st March, 2022 (2021: HK\$121,760,000), including net impairment loss of HK\$9,787,000 (2021: HK\$39,566,000) on right-of-use assets and equipment for the year. To withstand the headwinds under COVID-19 pandemic, the Group continues to strengthen our convenience store business with innovative marketing initiatives and operational efficiency enhancements.

Going forward, our convenience store business has embarked on a new stage of robust recovery and posted strong rebound in sales revenue with positive net profits in the first two months of subsequent financial year. These encouraging results were boosted by replaced under performance stores and relocated stores in better locations during pandemic period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Convenience Store Operation (Continued)

With a strong growth momentum, the Group believes that the business environment in Vietnam is resuming to normalcy and our convenience store business will be progressing well and delivering favourable financial performance for the coming year ending 31st March, 2023 and future financial years.

Rice Operation

The Group's rice operation in Hong Kong performed steadily for the year under review. The fifth wave of COVID-19 pandemic and stringent government restrictions continued to batter business environment and weaken consumer sentiments. To meet the challenges, the Group has extended our effective Business Continuity Measures to mitigate the business risks. Proactive measures were taken to secure rice import amid the global supply chain disruptions to serve Hong Kong community with undisturbed supply of rice. Preventive measures on sanitising and pre-emptive Rapid Antigen Testing for all staff were also implemented to safeguard the health and safety of our employees.

To mitigate the potential credit risk under COVID-19 disruptions, the Group has strengthened our credit control policies to closely monitor the trade debtor collections and credit status of customers. The Group continued to maintain a low bad debt ratio amid the global economic downturn, with bad debt expenses of HK\$27,000 incurred for rice operation during the year ended 31st March, 2022.

The Group continues to leverage on our market leadership with focus on market expansion and product innovation. The Group's strategic expansion of our premium Golden Elephant brand rice to Mainland China market has been receiving overwhelming positive responses. On product development side, we have extended from the success of our Golden Elephant microwavable cooked rice series and launched our new Golden Elephant Home Meals, to serve consumers with premium and convenient food products. Our rice operation segment recorded profit before taxation of HK\$126,350,000 for this financial year, as compared to profit before taxation of HK\$132,210,000 for last year.

Packaging Materials Operation

During the year under review, the Group's equity interest in Supreme Development Company Limited and its subsidiaries ("Supreme Development"), the previously held interest in associates, increased from 41.16% to 64.08% under deemed acquisitions of additional equity interests pursuant to the first and second share buy-back transactions of Supreme Development ("the Share Buy-back").

Upon completion of the first Share Buy-back of Supreme Development on 15th April, 2021, the Group's equity interest in Supreme Development increased from 41.16% to 61.75% and Supreme Development has become a non-wholly owned subsidiary of the Group. The Group's equity interest in Supreme Development further increased to 64.08% upon completion of the second Share Buy-back on 6th October, 2021. Details of the two Share Buy-back transactions are disclosed under sections headed "Deemed Acquisition of Subsidiaries" and "Connected Transaction".

In accordance with Financial Reporting Standards HKFRS 3 "Business Combination", the Group recognized a gain of HK\$24,368,000 on deemed acquisition of subsidiaries upon completion of the first Share Buy-back of Supreme Development on 15th April, 2021, arising from remeasurement of fair value of previously held equity interest in Supreme Development and deemed acquisition of additional equity interest therein.

Prior to the first Share Buy-back, Supreme Development was accounted for in the Group's consolidated financial statements as Interest in Associate by using equity method of accounting. After the first Share Buy-back, Supreme Development has become non-wholly owned subsidiary of the Group and its financial results are consolidated into the Group's consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Packaging Materials Operation (Continued)

Supreme Development is principally engaged in the business of manufacturing and sale of packaging materials. Financial results of Supreme Development are disclosed in the Group's segment results as a new business segment, namely the packaging materials operation segment. Packaging materials operation recorded external sales revenue of HK\$168,700,000 with segment profit before taxation and non-controlling interests of HK\$6,865,000 for the year ended 31st March, 2022, including (i) gain of HK\$24,368,000 on deemed acquisition of subsidiaries by the Company and (ii) loss of HK\$17,503,000 for loss before taxation and non-controlling interests incurred by Supreme Development. As at 31st March, 2022, segment assets and segment liabilities of the new packaging materials operation segment amounted to HK\$161,091,000 and HK\$123,398,000 respectively. Major components of the segment assets and liabilities of packaging materials operation segment included property, plant and equipment of HK\$42,367,000, right-of-use assets of HK\$59,647,000, inventory of HK\$28,937,000, trade debtors of HK\$20,645,000, trade creditors of HK\$16,038,000, other creditors and accruals of HK\$39,884,000 and lease liabilities of HK\$67,476,000.

Looking ahead, the Group believes that with the effective vaccination program, the COVID-19 pandemic will soon be under better control and the global economy will steadily recover. We have laid solid foundation in our core businesses and paved the way for the post-COVID resilience.

Liquidity and Financial Resources

The Group's financial position remains sound and healthy amid the challenging business environment under COVID-19 pandemic. The Group maintains stable and strong cash inflow with cash balance of HK\$455,198,000 and no outstanding bank borrowings as at 31st March, 2022.

With cash and other current assets of HK\$995,269,000 as at 31st March, 2022 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements, as well as to meet the potential future challenges under COVID-19 pandemic.

As at 31st March, 2022, the Group's total current assets and total current liabilities amounted to HK\$995,269,000 (2021: HK\$904,790,000) and HK\$370,265,000 (2021: HK\$312,309,000) respectively. Total current assets as at 31st March, 2022 included cash and bank deposits of HK\$455,198,000 (2021: HK\$462,867,000) and financial assets at fair value through profit or loss of HK\$177,388,000 (2021: HK\$177,300,000). Total current liabilities included trade creditors of HK\$128,725,000 (2021: HK\$99,128,000) and current portion of lease liabilities of HK\$114,105,000 (2021: HK\$102,731,000).

The Group maintains sound liquidity ratio. Current ratio (defined as total current assets over total current liabilities) as at 31st March, 2022 was 2.6 times (2021: 2.8 times). If excluding the current portion of lease liabilities of HK\$114,105,000 (2021: HK\$102,731,000) recognized under HKFRS 16 "Leases", the current ratio was 3.8 times (2021: 4.3 times).

As at 31st March, 2022, the Group had no outstanding bank borrowings and therefore the gearing ratio is nil (defined as bank borrowings over shareholders' equity).

As at 31st March, 2022, the Group recognized total lease liabilities of HK\$371,824,000 (2021: HK\$293,261,000) under HKFRS 16 "Leases", including current portion of HK\$114,105,000 (2021: HK\$102,731,000) and non-current portion of HK\$257,719,000 (2021: HK\$190,530,000). Shareholders' equity amounted to HK\$1,143,417,000 as at 31st March, 2022 (2021: HK\$1,170,749,000). The ratio of total lease liabilities over shareholders' equity (defined as total lease liabilities over shareholders' equity) as at 31st March, 2022 was 32.5% (2021: 25.0%).

The Group will continue to cautiously manage the Group's net cashflow position and preserve sound and healthy financial position to meet future opportunities and challenges ahead.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Securities Investment

As at 31st March, 2022, the Group held financial assets at fair value through profit or loss of approximately HK\$185,194,000 (the "Investments"), particulars of which are set out below:

Equity securities

Stock Code	Name of investee company	Number of shares held	Percentage of share capital owned by the Group	Investment cost	Market value as at 31st March, 2022	Percentage to the Group's total assets	Unrealized gain/(loss)	Realized gain/(loss)	Dividend income received
							on change in fair value for the year ended 31st March, 2022	on disposal for the year ended 31st March, 2022	for the year ended 31st March, 2022
			%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	HK\$'000
Listed outside Hong Kong									
159901.SZ	E Fund SZSE100 ETF	800,000	0.04	1,477	3,113	0.17	(575)		–
2330.TW	Taiwan Semiconductor Manufacturing Co Ltd	10,000	0.00	456	1,636	0.09	27		23
GOOGL.O	Alphabet Inc Class A	75	0.00	515	1,633	0.09	422		–
MSFT.OQ	Microsoft Corporation	1,670	0.00	1,025	4,031	0.22	948		21
AMZN.OQ	Amazon.com, Inc.	56	0.00	800	1,429	0.08	73		–
BUG.OQ	Global X Cybersecurity ETF	1,400	0.00	358	344	0.02	(16)		2
	Others							(102)	26
Total listed outside Hong Kong				4,631	12,186	0.67	879	(102)	72
Unlisted				29,968	368	0.02	–	123	–
Total equity securities				34,599	12,554	0.69	879	21	72

Notes:

- During the year ended 31st March, 2022, the Group recorded realized loss on disposal of equity securities listed in Hong Kong of approximately HK\$431,000.
- The investment cost, market value as at 31st March, 2022, unrealized gain/(loss) on change in fair value and realized gain/(loss) on disposal of the Investments in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**Securities Investment (Continued)****Other securities**

Name of investee company	Investment cost	Market value as at 31st March, 2022	Percentage to the Group's total assets	Unrealized gain/(loss) on change in fair value for the year ended 31st March, 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>
Goldman Sachs (Asia) L.L.C. (Note 3)	69,794	102,447	5.65	1,430
Morgan Stanley & Co. International plc (Note 4)	46,542	62,755	3.46	(1,514)
Unlisted investments – Simple Agreement for Future Equity (Note 5)	11,682	7,438	0.41	(4,304)
Total other securities	128,018	172,640	9.52	(4,388)

Notes:

3. The Group's investment portfolio in Goldman Sachs (Asia) L.L.C. (the "GS portfolio"), with fair value of HK\$102,447,000 as at 31st March, 2022 represented 5.65% of the Group's total assets as at 31st March, 2022. Details of this significant investment are disclosed below as the size of this investment exceeded the 5% threshold under paragraph 32(4A) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The GS portfolio is managed by Goldman Sachs (Asia) L.L.C. (the "manager") for Billion Trade Development Limited, a wholly-owned subsidiary of the Company. The investments in the portfolio are selected based on a global, multi-asset class discretionary separate account strategy of the manager. In this strategy, the manager utilizes its proprietary asset allocation model when setting the long-term strategic asset allocation with a focus on diversification across asset classes and regions. With respect to implementation, the manager draws from a spectrum of solutions to construct a portfolio with investments in mutual funds and exchange traded funds.

Normally, the GS portfolio is long term in nature. However, in the short and medium term the manager may tactically deviate from the strategic allocation when dislocations from long term historical valuations in certain asset classes arise.

As of 31st March, 2022, the GS portfolio was comprised of cash and cash equivalents (53.5%), in addition to mutual funds and exchange traded funds invested in fixed income (17.1%), equities (25.7%) and other investments (3.7%).

For the year ended 31st March, 2022, the 12-month period portfolio volatility was 3.25%. As the GS portfolio is a diversified multi-asset class portfolio, future risks include most risks that various asset classes face, including market, credit, interest rate, inflation, emerging market, liquidity, FX, real estate, derivatives and counter-party risks.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Securities Investment (Continued)

Other securities (Continued)

Notes: (Continued)

3. (Continued)

Outlook

This year the manager expects global growth to slow from last year but remain above trend. On the monetary policy front, the manager expects it will be less uniform across central banks, with the Federal Reserve and Bank of England being the forerunners among developed countries to start tightening.

In March, 2022, the Federal Reserve raised the target range for the federal funds rate by 25 basis points. The updated economic projections from FOMC participants showed sharp upward revisions to the inflation outlook and the policy rate path. Following the hawkish shift in the policy stance, the manager now expects the Fed will raise the policy rate by 250 basis points in 2022.

Despite the risks to the US economic outlook have increased following Russia's invasion of Ukraine and the subsequent rise in commodity prices, the manager expects equities to deliver a high single-digit total return from current levels in the base case, outperforming cash and bonds for the foreseeable future. The manager has focused on two key areas: 1) the Economy, and 2) the Markets.

The Economy

Despite a more front-loaded tightening cycle than initially projected, the US economy remains very well balanced. The manager believes the probability of a recession in the next 12 months is relatively low at 15-20%.

Historically, not every Federal Reserve tightening has led to recession. The manager points to four notable buffers that should make the US economy more resilient than normal to negative demand shock: (1) momentum in the labor market recovery from COVID-19, (2) excess personal savings and wealth, (3) excess demand for goods, and (4) excess demand for labor. These buffers suggest rising interest rates will have a smaller-than-normal dampening effect on real activity and the labor market.

Furthermore, with continued declining unemployment, above-trend economic growth, and gradually moderating inflation, the manager does not believe stagflation risk is high.

The Markets

A confluence of risk events, including the evolution of COVID-19 cases, higher inflation, a more aggressive pace of Federal Reserve tightening, and Ukraine-Russia war led to 10% pullback year-to-date in the S&P 500 through 22nd April, 2022. However, the manager's base case remains that none of these risks are disruptive enough to derail economic growth and trigger imminent recession, and as such the hurdles to underweight equities at this point is high.

The manager now expects S&P 500 earnings per share to grow by 8% in 2022. Historically, during non-recessionary periods with headline inflation at similar levels, median earnings growth has been 13%. The manager has revised the S&P 500 target range to 4700-4800 to reflect slower economic growth, as well as continued disruptions to the supply chain from China's zero-COVID policy and the Ukraine-Russia war.

The manager recommends clients stay invested according to their strategic asset allocations as the base case still implies positive equity returns from current levels and history suggests the revised earnings forecast is conservative. Resilient share buybacks and a reversal from today's bearish sentiment could be catalysts to support further equity upside.

Going forward, the manager continues to monitor risks surrounding escalation of the Ukraine-Russia war, exogenous shock to oil supplies, policy mistakes from the Federal Reserve, COVID-19 evolution and heightened geopolitical risks.

For the year ended 31st March, 2022, the GS portfolio recorded approximately 2% growth from HK\$100,346,000 as at 31st March, 2021 to HK\$ 102,447,000 as at 31st March, 2022. The growth is largely driven by marked-to-market fair value changes on the investment portfolio as at 31st March, 2022. The Group has not made any additional fund injection into the GS portfolio during the year ended 31st March, 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Securities Investment (Continued)

Other securities (Continued)

Notes: (Continued)

3. (Continued)
The Group continues to adopt prudent investment strategy to manage liquid investment portfolio under the backdrop of COVID-19 pandemic. The investment strategy of GS portfolio aligned with the Group investment strategy to increase cash holdings and reduce portfolio volatility amid the global market uncertainty.
4. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the discretionary portfolio strategy with Morgan Stanley & Co. International plc (the "MS portfolio") is constructed based on a top-down approach that focuses on asset class, region/country, sector, investment's theme and style selection, as opposed to individual security selection (the "MS Strategy").

The MS Strategy is dynamically managed to provide a balanced allocation taking into account longer-term strategic views, while tactical views are deployed to address shorter term macro-economic and cyclical events.

The MS Strategy's investment objective is to provide a global asset allocation that seeks to achieve long-term capital appreciation over time by gaining exposure to a diversified range of asset classes, geographical markets, sectors and investment styles, primarily through funds, including exchanged traded funds, traditional funds and more sophisticated equity, fixed income, multi-asset class or alternative investment-linked funds.

As at 31st March, 2022, the MS portfolio comprised 19.8% cash or cash equivalents, 15.3% fixed income funds, 59.8% equity funds (in the United States, Europe, Japan, Asia Pacific ex Japan and emerging markets) and the remaining 5.1% alternative strategies (which may, from time to time, include hedge funds, commodities, real estate). The 3-month period and 12-month period annualized portfolio volatility of the MS Strategy were 12.3% and 8.5% respectively.

Just as investors associate March of 2020 with the COVID bear market, March of 2022 will be remembered as the beginning of the acceleration of the worst bear market in bonds in 50 years. Reacting to the swift Federal Reserve policy pivot, long-dated US Treasury indexes declined more than 10% in the first quarter, while the Bloomberg US Aggregate Index fell nearly 6%. Volatility in the market portfolio's so-called risk-free asset came amid a worsening inflation outlook and a potential once-in-a-generation shift in the global world order. Already plagued by supply chain disruptions, the inflation picture was complicated by commodity markets roiled by the Russia-Ukraine conflict. Meanwhile, Fed rate hike expectations have soared to more than nine in 2022, resulting in rapid yield curve inversion-a development fraught with implications given the Fed's unorthodox policies of the last 13 years. In this month's issue, Michael Zezas discusses geopolitical developments, and Ellen Zentner offers her views on yield curve dynamics and potential economic impact.

At the same time, US equities staged a comeback in March from the S&P 500's 10% correction and an official 20% bear market in the Nasdaq Composite. Rather than being anxious about the impact of surging interest rates on valuations, equity investors seemed emboldened by still-ample liquidity, potential for a reopening rebound in consumer services and a strong labor market. The consumer undoubtedly holds the key to determining whether or not stocks are correct in assuming that demand will be undented by inflation and higher rates. Consumer confidence at an 11-year low suggests there is risk to this equity market stance. Sarah Wolfe addresses that controversy this month.

Lastly, the Global Investment Committee (GIC) continues to caution that navigating heightened volatility in stocks and bonds requires active risk management with a focus on quality. Transitioning portfolios away from a passive, US-centric stance, featuring mega-cap names and embedded capital gains, presents a challenge for those wanting to reposition for shifts in monetary policy, global politics and inflation. Direct indexing, which we discuss within, may be a valuable tool for some investors in this environment.

For the year ended 31st March, 2022, the MS portfolio recorded approximately 2% decline from HK\$63,842,000 as at 31st March, 2021 to HK\$62,755,000 as at 31st March, 2022. The decline is largely driven by marked-to-market fair value changes on the investment portfolio as at 31st March, 2022. The Group has not made any additional fund injection into the MS portfolio during the year ended 31st March, 2022.

The Group continues to adopt prudent investment strategy to manage liquid investment portfolio under the backdrop of COVID-19 pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Securities Investment (Continued)

Other securities (Continued)

Notes: (Continued)

- The Group held certain unlisted investments in the form of Simple Agreement for Future Equity (“SAFEs”) to grant the Group the future rights to acquire certain equity interests of the investee companies. The SAFEs with total costs of HK\$11,682,000 were classified as financial assets at fair value through profit or loss as at 31st March, 2022. An independent qualified professional valuer was engaged to assess the fair values of the SAFEs as at 31st March, 2022. The decrease in fair values of HK\$4,304,000 has been recognized in the consolidated statement of profit or loss for the year ended 31st March, 2022.

Save as the Investments as set out in the tables above, the Group did not hold any other significant investments during the year ended 31st March, 2022.

Investment strategy

The investment strategy is to adopt prudent and liquid investment management so as to pursue a well-balanced and diversified investment portfolio that seeks to achieve long-term capital appreciation and stable investment return for the Group.

During the year ended 31st March, 2022, the Group recorded total fair value loss on financial assets at fair value through profit or loss of approximately HK\$3,919,000, attributable to unrealized loss of approximately HK\$3,509,000 and realized loss of approximately HK\$410,000. Dividend income received from financial assets at fair value through profit or loss amounted to approximately HK\$72,000 during the year. The amounts of financial assets at fair value through profit or loss acquired during the year amounted to approximately HK\$12,040,000. The amounts of financial assets at fair value through profit or loss disposed during the year amounted to approximately HK\$19,844,000.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors are of the view that employees, customers and business partners are the keys to the sustainable development of the Group. Our Directors believe that we maintain good working relations with our employees and business partners and we endeavor to improve the quality of services to the customers.

The Group offers competitive wages, bonuses and other benefits to full time employees. The Group ensures all staff are reasonably remunerated and regularly reviews the employment policies on remuneration and other benefits. The Group was awarded for seven consecutive years the “Good MPF Employer” and “MPF Support Award” by the Mandatory Provident Fund Schemes Authority. The Group was also awarded “Caring Company” Logo from 2017 to 2022 by The Hong Kong Council of Social Service.

The Group maintains good relationship with its customers and suppliers. The Group maintains close contacts with the customers and regularly reviews the customers’ requirements and suggestions.

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 conducted on-going review of the new enacted laws and regulations affecting the operations of the Group. For the year ended 31st March, 2022, the Group was not aware of any material non-compliance with the laws and regulations that have significant impact on the business of the Group.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-Laws of the Company, the Directors and other officers for the time being of the Company acting in relation to the affairs of the Company, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duties or supposed duties in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own wilful neglect or default, fraud and dishonesty respectively.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

CORPORATE SOCIAL RESPONSIBILITY

Environmental Policies and Performance

The Group recognises its responsibility to protect the environment from its business activities. The Group aims to maximize energy conservation in its offices by promoting efficient use of resources and adopting green technologies. For instance, the Group seeks to upgrade equipment such as lighting by installing LED lighting at the whole building; optimally controlling the thermostat settings of air conditioning systems and switching off unnecessary electric power in order to reduce costs and increase overall operating efficiency. To identify energy efficiency opportunities, the Group measures and records the energy consumption intensity from time to time. To minimize the noise pollution during production, the Group seeks to upgrade its production machines and install noise absorption material to prevent noise leaked to the nearby environment. The Group strives to reduce plastic waste by launching Hong Kong's first environmentally friendly rice bag which is comprised of substance that complied with European Union's packaging standard, enabling the plastic rice package to become degradable after discarding. We continually seek to identify and manage environmental impacts attributable to our operational activities in order to minimize these impacts if possible.

Social Contribution Activities

The Group is committed to make a positive contribution to the communities by supporting a wide range of activities, social programs and charity initiatives. During the year, the Group had worked with charity organisations such as "Farmers fight the epidemic together – Vegetables contribute care" activity in March 2022 held by the Federation of Hong Kong Agricultural Associations and Hong Kong Fishermen Consortium, Affordable Rice Campaign held by Goods Co-Share, Hong Kong Parkinson's Disease Foundation, New Life Psychiatric Rehabilitation Association, Hong Kong Blood Cancer Foundation, Mighty Oaks Foundation, United Christian Nethersole Community Health Service and other social services establishments to support our community. From time to time, the Group also supports different religious institutions, schools and community initiatives such as The Road Safety Campaign Committee. The Group will continue to support new partners to serve the local communities and beyond.

DIRECTORS

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

Executive Directors

Mr. Laurent LAM Kwing Chee (*Chairman*)

Mr. Anthony LAM Sai Ho (*Vice Chairman and Chief Executive Officer*)

Madam LAM Sai Mann

Ms. Morna YUEN Mai-tong

Mr. TSANG Siu Hung

Non-executive Director

Mr. Dennis LAM Saihong

Independent Non-executive Directors

Mr. Joseph LAM Yuen To

Mr. Michael YU Tat Chi

Mr. Ronald YAN Mou Keung

In accordance with bye-law 99(A) of the Company's Bye-Laws, Mr. Anthony LAM Sai Ho, Mr. Dennis LAM Saihong, Mr. Joseph LAM Yuen To, will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Each of the Independent Non-executive Directors confirmed his independence with the Company pursuant to rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules"). The Company considered all the Independent Non-executive Directors are independent.

The term of office of each Executive Director and Non-executive Director is the period up to his retirement by rotation in accordance with the Company's Bye-Laws.

The term of appointment of the Independent Non-executive Directors, Mr. Joseph LAM Yuen To, Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung will be renewable automatically for each year commencing from the next day after the expiry of the current term of appointment to the next annual general meeting subsequently held, unless terminated by not less than one month's notice in writing served by either party or the other. All of the Independent Non-executive Directors are subject to retirement by rotation once every three years and are subject to re-election.

SERVICE CONTRACTS OF DIRECTORS

No Director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS, SENIOR MANAGEMENT STAFF AND PANEL OF ADVISORS

1. Directors

The biographical details of the Directors of the Company are as follows:

Laurent LAM Kwing Chee, aged 75, Chairman of the Company. Mr. Lam graduated from the Eastern Illinois University, U.S.A. with a bachelor degree in Economics and History. After graduation in 1971, Mr. Lam established a company to manufacture fiberglass products and a direct marketing business in Hong Kong. Mr. Lam joined the Group in 1982 with responsibility in Product Marketing Strategy and Business Development. He has extensive business experience in the property development and investment in Hong Kong, North America and Asian countries. Mr. Lam was the co-founder of the Golden Resources Group, listed in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 1991. After election as the Chairman of the Board in 2016, he took the integral part to oversee and renew strategic plan to strengthen the Group rice business and continue driving the expansion of Circle K convenience stores in Vietnam. Currently Circle K is the market leader of convenience stores in Vietnam in terms of store number and brand awareness. When he is not managing his business and supporting his Chief Executive Officer, he is engaging in local charity boards and spending time with his family. Mr. Lam is married with 2 children. Mr. Lam is the uncle of Mr. Anthony LAM Sai Ho, Madam LAM Sai Mann, Mr. Dennis LAM Saihong and Ms. Morna YUEN Mai-tong.

Anthony LAM Sai Ho, aged 55, Vice Chairman and Chief Executive Officer of the Company. He graduated from the University of Sydney in Australia, majoring in Economics and Psychology. After graduation, Mr. Lam joined the Merchant Banking Division of the State Bank of New South Wales, and had been extensively involved in the corporate financing and the securitization of assets and mortgages. Mr. Lam returned to Hong Kong and joined the Group in 1991 and has been appointed in several key senior management positions in Hong Kong and other Asian countries including Vietnam and Thailand. Mr. Lam holds an Executive Master of Business Administration degree from the City University of Hong Kong. Mr. Lam is an Executive Committee Member of the Customer Liaison Group for Rice under the Trade and Industry Department in Hong Kong, and the Executive Committee Member of the Federation of Hong Kong Industries (The Food, Beverages & Tobacco Group). He had been awarded the Ap Bac Medal from the Vietnam Government in recognition of his contribution to the rice industry in Vietnam. Apart from being active members in different business chambers and associations around the world, Mr. Lam is also a regular speaker in major international conferences. Mr. Lam is the nephew of Mr. Laurent LAM Kwing Chee, and the cousin of Madam LAM Sai Mann, Mr. Dennis LAM Saihong and Ms. Morna YUEN Mai-tong.

LAM Sai Mann, aged 47, Executive Director of the Company. She graduated from Macquarie University in Australia with a Bachelor of Commerce degree and holds a Master of Commerce degree from the University of Sydney in Australia. Madam Lam has extensive professional experience in operation and management of catering business. Madam Lam is the niece of Mr. Laurent LAM Kwing Chee, the sister of Mr. Dennis LAM Saihong, and the cousin of Mr. Anthony LAM Sai Ho and Ms. Morna YUEN Mai-tong.

BIOGRAPHICAL DETAILS OF DIRECTORS, SENIOR MANAGEMENT STAFF AND PANEL OF ADVISORS *(Continued)*

1. Directors *(Continued)*

Morna YUEN Mai-tong, aged 43, Executive Director of the Company. She graduated from the University of Western Ontario with a Bachelor of Administrative and Commercial Studies and received dual degrees in Master of Science in Accounting and Master of Business Administration from Northeastern University. Ms. Yuen is a member of the Hong Kong Institute of Certified Public Accountants. She joined the Group since 2010 and currently holds the position of General Manager of Procurement and Shipping Division of the Group. Prior to joining the Group, Ms. Yuen worked at BNP Paribas Wealth Management and Ernst & Young. Ms. Yuen has extensive working experience in finance and assurance advisory. Ms. Yuen is the niece of Mr. Laurent LAM Kwing Chee, and the cousin of Mr. Anthony LAM Sai Ho, Madam LAM Sai Mann and Mr. Dennis LAM Saihong.

TSANG Siu Hung, aged 67, Executive Director of the Company. He holds a bachelor degree in Accountancy and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He joined the Group in 1985. Mr. Tsang has extensive professional experience in finance, accounting and auditing fields.

Dennis LAM Saihong, aged 42, Non-executive Director of the Company. He is currently the Managing Director of S1R Capital. Mr. Lam has over 20 years of experience in asset management and corporate finance. He previously held investment research and portfolio management responsibilities at Franklin Templeton Investments, Schroders, PineBridge Investments and UBS Wealth Management. Mr. Lam is currently a CFA charterholder and a certified Financial Risk Manager (FRM). Mr. Lam graduated summa cum laude from Boston University with a B.A. (with Distinction) in Economics and Mathematics and received a Master of Arts degree in Statistics from Harvard University. Mr. Lam is the nephew of Mr. Laurent LAM Kwing Chee, the cousin of Mr. Anthony LAM Sai Ho and Ms. Morna YUEN Mai-tong, and the brother of Madam LAM Sai Mann.

Joseph LAM Yuen To, aged 56, Independent Non-executive Director of the Company. He graduated from University of New South Wales, Australia with a Bachelor's degree in Commerce (with Merit) and University of London, United Kingdom with Bachelor's degree in Law (Hons). Mr. Lam is a member of the Australian Society of Certified Public Accountants and member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam has extensive experience in tax field audits, handling tax dispute cases in Hong Kong and PRC cross-border tax issues. He also provides services in Hong Kong and PRC tax health check on merger and acquisition assignments and initial public offering assignments.

Michael YU Tat Chi, aged 57, Independent Non-executive Director of the Company. He holds a bachelor of commerce degree from the University of New South Wales, Australia. He is a fellow member of the CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Yu is also a founding member of The Hong Kong Independent Non-Executive Director Association. Mr. Yu has many years of experience in accounting, corporate finance and asset management. He had held senior management positions in listed companies in Hong Kong. Mr. Yu was appointed as an Independent Non-executive Director of Applied Development Holdings Limited (a listed company in Hong Kong, stock code: 519) on 14th September, 2016, China Netcom Technology Holdings Limited (a listed company in Hong Kong, stock code: 8071) on 31st August, 2017, Lerado Financial Group Company Limited (a listed company in Hong Kong, stock code: 1225) on 6th February, 2018 and Harbour Digital Asset Capital Limited (a listed company in Hong Kong, stock code: 913) on 17th August, 2020 respectively. Mr. Yu was appointed as an Independent Non-executive Director of EVOC Intelligent Technology Company Limited (a listed company in Hong Kong, stock code: 2308) on 30th May, 2016 and has resigned on 21st May, 2021. Mr. Yu had been appointed as an independent Non-executive Director of WT Group Holdings Limited (a listed company in Hong Kong, stock code: 8422) on 20th September, 2021.

BIOGRAPHICAL DETAILS OF DIRECTORS, SENIOR MANAGEMENT STAFF AND PANEL OF ADVISORS (Continued)

1. Directors (Continued)

Ronald YAN Mou Keung, aged 67, Independent Non-executive Director of the Company. He has more than 29 years of experience in running retail fashions and had been an executive director and an operations director of a men's fashion retail chain. He had extensive experience in developing and promoting of brands, marketing and apparel distribution in fashion business. Mr. Yan is the Vice Chairman of Yau Tsim Mong "No-drug" Alliance Steering Committee, Chairman of Yau Tsim Mong South Area Committee and observer of Independent Police Complaints Council. Mr. Yan was awarded the Chief Executive's Commendation for Community Service on 1st July, 2016.

2. Senior Management

The five Directors of the Company holding executive offices above are directly responsible for the various businesses of the Group. They are regarded as the members of the senior management of the Group.

3. Panel of Advisors

The biographical details of the Panel of Advisors of the Company are as follows:

Alexander CHOW Yu Chun has over 41 years of experience in corporate finance. Mr. Chow is the former Chief Financial Officer of New World Group of Hong Kong.

David KUK Tai Wai has 31 years of experience in logistics operations in Hong Kong and China. Mr. Kuk is a member of the Hong Kong Logistics Development Council. He is the former Executive Director of Sims Logistics Services Limited and former Managing Director of Dah Chong Hong Logistics Company Limited.

Steven LAU Kui Wing has over 41 years of retail experience in China and Hong Kong. Mr. Lau is the Founder and Chairman of Eternal Optical & Perfumery (Far East) Limited.

Mildred AU YEUNG Wai Lan has 26 years of experience in formulating and execute People Strategies and led the HR integration for the acquired business. Ms. Au Yeung is the former Senior Vice President and Head of People at South China Morning Post Publishers Limited.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at 31st March, 2022, the interests and short positions of the Directors and their associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

Long positions

(a) Ordinary shares of the Company

Name of director	Number of ordinary shares beneficially held in the Company			Approximate percentage of the issued share capital of the Company
	Personal interests	Corporate interests	Total interests	
Mr. Laurent LAM Kwing Chee	23,832,000	14,700,000	38,532,000 (Note 1)	2.27%
Mr. Anthony LAM Sai Ho	—	22,050,000	22,050,000 (Note 2)	1.29%
Madam LAM Sai Mann	6,250,000	82,771,000	89,021,000 (Note 3)	5.24%
Mr. Dennis LAM Saihong	25,250,000	50,000,000	75,250,000 (Note 4)	4.43%
Mr. TSANG Siu Hung	2,500,000	—	2,500,000	0.14%

Notes:

- These 38,532,000 shares are held by Mr. Laurent LAM Kwing Chee, a Director of the Company as beneficial owner in respect of 23,832,000 shares and as corporate interest in respect of 14,700,000 shares held by Elite Solution Investments Limited, a company which is 50% owned by Mr. Laurent LAM Kwing Chee.
- These 22,050,000 shares are held by Mr. Anthony LAM Sai Ho, a Director of the Company as corporate interests: (i) 7,350,000 shares are held by Great Avenue Group Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho; and (ii) 14,700,000 shares are held by Elite Solution Investments Limited, a company which is 50% owned by Mr. Anthony LAM Sai Ho.
- These 89,021,000 shares are held by Madam LAM Sai Mann, a Director of the Company as beneficial owner in respect of 6,250,000 shares and as corporate interest in respect of 82,771,000 shares held by Joint Success Limited, a company which is wholly-owned by Madam LAM Sai Mann.
- These 75,250,000 shares are held by Mr. Dennis LAM Saihong, a Director of the Company as beneficial owner in respect of 25,250,000 shares and as corporate interest in respect of 50,000,000 shares held by Cheerful Group Holdings Limited, a company which is wholly-owned by Mr. Dennis LAM Saihong.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

(Continued)

Long positions (Continued)

(b) Non-voting deferred shares of wholly-owned subsidiaries of the Company

Name of director	Name of subsidiary	Capacity	Number of non-voting deferred shares beneficially held
Mr. Anthony LAM Sai Ho	Golden Resources Development Limited	Interest in controlled corporation	260,000 (Note)
Mr. Anthony LAM Sai Ho	Yuen Loong & Company Limited	Interest in controlled corporation	13,000 (Note)

Note: These shares are held by Marvel City Holdings Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, a Director of the Company.

(c) Ordinary shares of associate of the Company

Name of director	Name of associate	Capacity	Number of ordinary shares held through corporation
Mr. Laurent LAM Kwing Chee	Starland Century Limited	Interest in controlled corporation	300 (Note)

Note: These shares are held by L.K.C. Company Limited, a company which is wholly-owned by Mr. Laurent LAM Kwing Chee, a Director of the Company.

Save as disclosed above, as at 31st March, 2022, none of the Directors nor their associates of the Company had or was deemed to have any interest or short positions in the shares or underlying shares of the Company or any of its associated corporations as recorded in the register that required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

SHARE OPTIONS GRANTED TO DIRECTORS AND EMPLOYEES

Particulars of the Company's share option scheme are set out in note 31 to the financial statements.

During the year ended 31st March, 2022, no share option was granted to the Directors and employees under the Share Option Scheme of the Company. None of the Directors nor their spouses or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

DIRECTORS' RIGHTS TO ACQUIRE SHARE

Save as disclosed under the headings "Directors' Interests and Short Positions in the Shares and Underlying Shares" and "Share Options Granted to Directors and Employees" above and particulars of the Company's share option scheme as set out in note 31 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate and neither the Directors nor the Chief Executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries and of the Group's principal associates and joint ventures at 31st March, 2022 are set out in notes 34, 17 and 18 to the financial statements respectively.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31st March, 2022 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 72 to 156.

An interim dividend of HK1.2 cents per share amounting to approximately HK\$20,369,000 was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK1.2 cents per share to the shareholders on the Register of Members on Monday, 5th September, 2022 amounting to approximately HK\$20,369,000.

SHARE PREMIUM AND RESERVES

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

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 158 of the annual report.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31st March, 2022. The revaluation surplus of HK\$7,435,000 has been recognised in the consolidated statement of profit or loss.

Details of movements during the year in the investment properties of the Group are set out in note 16 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 30 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st March, 2022, the Company's reserves available for distribution to shareholders, calculated in accordance with the provision of the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK\$269,569,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year are set out in note 38 to the financial statements.

DEEMED ACQUISITION OF SUBSIDIARIES

On 26th March, 2021, Supreme Development Company Limited ("Supreme Development"), a company beneficially owned as to approximately 41.16% by the Company, entered into the Share Buy-back Agreement with Sojitz (Hong Kong) Limited ("SJHK") and Sojitz Pla-Net Corporation ("SPNC"), pursuant to which Supreme Development conditionally agreed to buy back 3,501,350 Supreme Development's shares and 1,500,150 Supreme Development's shares (representing approximately 23.34% and 10% of the total number of issued shares of Supreme Development respectively) from SJHK and SPNC respectively at a total consideration of HK\$27,505,500 ("the Share Buy-Back").

The Share Buy-back transaction is deemed to be an acquisition by the Company as the Group's percentage of shareholding in Supreme Development increased from approximately 41.16% to 61.75% upon completion.

The Share Buy-Back of Supreme Development completed on 15th April, 2021. In accordance with Financial Reporting Standards HKFRS 3 "Business Combination", the Group recognized a gain of HK\$24,368,000 on deemed acquisition of subsidiaries, arising from remeasurement of fair value of previously held equity interest in Supreme Development and deemed acquisition of additional equity interest therein.

Prior to the completion, Supreme Development was accounted for in the Group's consolidated financial statements as Interest in Associate by using equity method of accounting. After completion, Supreme Development has become non-wholly owned subsidiary of the Group and its financial results are consolidated into the Group's consolidated financial statements.

Supreme Development is principally engaged in the business of manufacturing and sale of packaging materials.

On 6th October, 2021, Supreme Development entered into a Share Buy-back Agreement with Mr. Lau Shiu Yin, a director of Supreme Development. Details are disclosed under section headed "Connected Transaction".

DISCLOSEABLE TRANSACTION

On 17th March, 2022, the Group entered into Sale and Purchase Agreement with an independent third party to dispose an investment property in Hong Kong at a consideration of HK\$41,500,000. The investment property was stated at fair value with reference to the agreed selling price as stated in the Sale and Purchase Agreement. Accordingly, the investment property has reclassified as asset classified as held for sale. The transaction subsequently completed in April 2022.

CONNECTED TRANSACTION

On 6th October, 2021, Supreme Development Company Limited (“Supreme Development”), an indirect non-wholly owned subsidiary beneficially owned as to approximately 61.75% by the Company, entered into a Share Buy-back Agreement with Mr. Lau Shiu Yin, a director of Supreme Development and beneficial owner of approximately 23.75% shareholding in Supreme Development, pursuant to which Supreme Development agreed to buy-back 364,000 Supreme Development’s shares (representing approximately 3.64% of the total number of issued shares of Supreme Development) from Mr. Lau Shiu Yin at a cash consideration of HK\$3,003,000 (“the Second Share Buy-back”).

Mr. Lau Shiu Yin is a connected person of the Company at the subsidiary level and the transaction is a connected transaction only because it involved connected persons at the subsidiary level. The size of the transaction is below the 1% de minimis rules under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Second Share Buy-back transaction is deemed to be an acquisition of additional interest in subsidiary by the Company as the Group’s percentage of shareholding in Supreme Development increased from approximately 61.75 % to 64.08 % upon completion of the Second Share Buy-back.

DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

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

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As of 31st March, 2022, none of the Directors, the substantial shareholders or their respective close associates (as defined under the Listing Rules) had held any position or had any interest in any businesses or companies that were or might be materially, either directly or indirectly, competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the year ended 31st March, 2022.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31st March, 2022, the five largest customers of the Group accounted for approximately 25% by value of the Group’s revenue and the five largest suppliers accounted for approximately 31% by value of the Group’s total purchases. Approximately 11% of the Group’s revenue and approximately 12% of the Group’s total purchases were attributable to the Group’s largest customer and supplier respectively.

Cousins of the Company’s Director (Mr. Laurent LAM Kwing Chee) and uncles of the Company’s Directors (Mr. Anthony LAM Sai Ho, Madam LAM Sai Mann, Mr. Dennis LAM Saihong and Ms. Morna YUEN Mai-tong) had beneficial interests in one of the Group’s five largest suppliers. The Group held 40% beneficial interest in this supplier.

Save as disclosed above and as far as the Company’s Directors are aware, none of the Directors of the Company or any of their other associates, or any shareholders (which, to the best knowledge of the Directors, owned more than 5% of the Company’s issued share capital) had a beneficial interest in the Group’s five largest customers and five largest suppliers.

SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2022, the following persons, other than Directors or Chief Executives of the Company, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Number of shares held (Note 1)	Approximate percentage of the issued share capital of the Company
Yuen Loong International Limited ("Yuen Loong")	548,052,026	32.28% (Note 2)
Chelsey Developments Ltd. ("Chelsey")	252,240,000	14.86% (Note 2)

Notes:

1. These shares represent long positions.
2. Mr. Laurent LAM Kwing Chee, a Director of the Company, is interested in approximately 18% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Anthony LAM Sai Ho, a Director of the Company, is interested in 40% of the issued share capital of Marvel City Holdings Limited which in turn is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey. Madam LAM Sai Mann, a Director of the Company, is interested in 30% of the issued share capital of Elegant Investments Holdings Limited which in turn is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Dennis LAM Saihong, a Director of the Company, is interested in 30% of the issued share capital of Elegant Investments Holdings Limited which in turn is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey.

Save as disclosed above, as at 31st March, 2022, the Company had not been notified by any other person, other than Directors or Chief Executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register that required to be kept by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

CORPORATE GOVERNANCE

The Company had complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange during the year ended 31st March, 2022.

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 30 to 42 of this annual report.

NET ASSET VALUE

The net asset value of the Group as at 31st March, 2022 was HK\$0.67 per share based on 1,697,406,458 shares in issue as at that date.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$103,000.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 3,792.

Remuneration packages are reviewed by the Group from time to time. In addition to salary payments, other fringe benefits for the staff include retirement benefits schemes and medical insurance scheme, as well as quarters and housing allowances for certain staff. The Group has taken out personal accident insurance for senior staff and the staff who frequently travel overseas on business trips.

PUBLIC FLOAT

As at the date of this report, based on the information publicly available to the Company and within the knowledge of the Directors of the Company, over 25% of the issued share capital of the Company was held by the public as required under the Listing Rules.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint HLM CPA Limited as the auditor of the Company.

On behalf of the Board

Anthony LAM Sai Ho

Vice Chairman and Chief Executive Officer

Hong Kong, 28th June, 2022

Corporate Governance Report

The Company is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency.

CORPORATE GOVERNANCE PRACTICES

The Company adopted all the applicable code provisions in the Code as set out in Appendix 14 to the Listing Rules as its own code on corporate governance. The Company has complied with the Code throughout the year ended 31st March, 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the year ended 31st March, 2022.

THE BOARD

Composition

The Board currently comprises nine Directors including five Executive Directors, one Non-executive Director and three Independent Non-executive Directors. The Independent Non-executive Directors possess appropriate academic and professional qualifications or related financial management expertise and have brought a wide range of business and financial experience and independent judgment to the Board.

The composition of the Board of the Company for the year ended 31st March, 2022 and up to the date of this report were:

Executive Directors

Mr. Laurent LAM Kwing Chee (*Chairman*)

Mr. Anthony LAM Sai Ho (*Vice Chairman and Chief Executive Officer*)

Madam LAM Sai Mann

Ms. Morna YUEN Mai-tong

Mr. TSANG Siu Hung

Non-executive Director

Mr. Dennis LAM Saihong

Independent Non-executive Directors

Mr. Joseph LAM Yuen To

Mr. Michael YU Tat Chi

Mr. Ronald YAN Mou Keung

Mr. Laurent LAM Kwing Chee, Chairman of the Company, is the uncle of Mr. Anthony LAM Sai Ho, Vice Chairman and Chief Executive Officer, Madam LAM Sai Mann and Ms. Morna YUEN Mai-tong, the Executive Directors of the Company, and Mr. Dennis LAM Saihong, the Non-executive Director of the Company. The biographical details and relationships among members of the Board are set out on pages 20 to 22 of this annual report. Save as disclosed above and in the "Biographical Details of Directors, Senior Management Staff and Panel of Advisors" section of this annual report, none of the Directors of the Company has any financial, business, family or other material/relevant relationships with one another.

THE BOARD (Continued)

During the year ended 31st March, 2022, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors, representing one-third of the Board and with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation in respect of independence from all its Independent Non-executive Directors pursuant to the requirements of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company has formal letter of appointment for all Directors setting out the key terms and conditions relative to their appointment.

Directors of the Company are continually updated with legal and regulatory developments, and the business environment to facilitate the discharge of their responsibilities. During the year, all Directors have participated in appropriate continuous professional training either by attending seminars, viewing the director training program video webcasting launched by the Stock Exchange and reading materials relevant to the Company's business or to the Directors' duties and responsibilities and kept a record of training they received.

During the year, the Company has arranged for appropriate liability insurance to indemnify its directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Function

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, and dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the Chief Executive Officer and the senior management.

The Board held four regular board meetings at approximately quarterly interval during the year ended 31st March, 2022. Additional board meetings were held when necessary. Notices of at least 14 days accompanying with agenda for regular board meetings were given to all of the Directors. The Directors have been provided in a timely manner with appropriate information in order to enable them to discharge their duties and responsibilities. The regular board meetings have been participated by the Directors either in person or by way of telephone conference from time to time when necessary. Minutes of full board meetings and meetings of board committee are properly kept and all Directors are entitled to have access to board papers and the related materials.

During the year ended 31st March, 2022, none of the Directors of the Company has appointed any alternate to attend any board, committee and general meetings.

THE BOARD (Continued)

Details of individual attendance of Directors at the board meeting and general meeting during the year are set out in the table below:

Name of Director	Board Meeting	General Meeting
	Number of Attendance/ Number of Meeting Held	Number of Attendance/ Number of Meeting Held
Executive Directors		
Mr. Laurent LAM Kwing Chee (<i>Chairman</i>)	4/4	1/1
Mr. Anthony LAM Sai Ho (<i>Vice Chairman and Chief Executive Officer</i>)	4/4	1/1
Madam LAM Sai Mann	4/4	1/1
Ms. Morna YUEN Mai-tong	4/4	1/1
Mr. TSANG Siu Hung	4/4	1/1
Non-executive Director		
Mr. Dennis LAM Saihong	4/4	1/1
Independent Non-executive Directors		
Mr. Joseph LAM Yuen To	4/4	1/1
Mr. Michael YU Tat Chi	4/4	1/1
Mr. Ronald YAN Mou Keung	4/4	1/1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, the Chairman of the Company is Mr. Laurent LAM Kwing Chee and the Chief Executive Officer of the Company is Mr. Anthony LAM Sai Ho.

NON-EXECUTIVE DIRECTORS

The Independent Non-executive Directors of the Company were appointed with specific written term. The term of appointment of all of the Independent Non-executive Directors will be automatically renewable for each year commencing from the next day after the expiry of the current term of appointment to the next annual general meeting subsequently held, unless terminated by not less than one month's notice in writing served by either party or the other. All of the Independent Non-executive Directors are subject to retirement by rotation once every three years and are subject to re-election.

BOARD COMMITTEES

During the year ended 31st March, 2022, the Board has three board committees, namely, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs.

The three board committees of the Company are established with defined written terms of reference, approved by the Board, which set out the Committees' major duties. These are now posted on the websites of Hong Kong Exchanges and Clearing Limited and the Company and are available to shareholders.

BOARD COMMITTEES (Continued)

The majority of the members of each board committee are Independent Non-executive Directors. The list of the Chairman and members of each board committee is set out in each of the following board committee section.

The board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Remuneration Committee

The Company established the Remuneration Committee on 12th April, 2005 with specific written terms of reference in accordance with the requirement of the Stock Exchange which deal clearly with its authority and duties.

The Remuneration Committee has adopted the approach under code provision B.1.2(c)(ii) of the Code and advises and makes recommendations to the Board on the Group's overall policy and structure for the remuneration of directors and senior management.

The members of the Remuneration Committee for the year ended 31st March, 2022 comprise four members, of which three are Independent Non-executive Directors, Mr. Michael YU Tat Chi (Chairman of Remuneration Committee), Mr. Joseph LAM Yuen To, Mr. Ronald YAN Mou Keung and one is Executive Director, Mr. Laurent LAM Kwing Chee.

The principal duties of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

BOARD COMMITTEES *(Continued)***Remuneration Committee** *(Continued)*

The Remuneration Committee held one meeting during the year ended 31st March, 2022. The attendance of each member was as follows:

Name of Director	Number of Attendance/ Number of Meeting Held
Mr. Michael YU Tat Chi (<i>Chairman of the Remuneration Committee</i>)	1/1
Mr. Laurent LAM Kwing Chee	1/1
Mr. Joseph LAM Yuen To	1/1
Mr. Ronald YAN Mou Keung	1/1

During the year ended 31st March, 2022, the summary of work performed by the Remuneration Committee was as follows:

- reviewed the remuneration policy for 2021/2022;
- reviewed and updated the existing Directors' fee; and
- reviewed the remuneration of the Executive Directors, Non-executive Director and the Independent Non-executive Directors.

Nomination Committee

The Company established the Nomination Committee on 30th March, 2012 with specific written terms of reference in accordance with the requirement of the Stock Exchange which deal clearly with its authority and duties.

The members of the Nomination Committee for the year ended 31st March, 2022 comprise four members, of which three are Independent Non-executive Directors, Mr. Joseph LAM Yuen To, Mr. Michael YU Tat Chi, Mr. Ronald YAN Mou Keung and one is Executive Director, Mr. Laurent LAM Kwing Chee (Chairman of Nomination Committee).

Board Diversity Policy

The Board has adopted a board diversity policy (the "Policy") in June 2014 which sets out the approach to achieve diversity on the Board of the Company. The Company recognises and embraces the benefits of diversity in Board members. All Board appointments will be based on merit while taking into account diversity including gender diversity. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Gender diversity has been achieved with directors of a different gender being appointed as the Board members. The Nomination Committee has conducted an annual review of the Policy to ensure that it is implemented and is effective to the Company.

BOARD COMMITTEES (Continued)**Nomination Committee (Continued)****Nomination Policy**

The Board has adopted a Nomination Policy in December 2018 which sets out the principles guiding the Nomination Committee to identify and evaluate a candidate for nomination to the Board for appointment or to the shareholders of the Company for election as a Director of the Company. The policy contains a number of factors to which the Nomination Committee has to adhere when considering nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the Board Diversity Policy, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an Independent Non-executive Director. The policy also lays down the following nomination procedures: the Nomination Committee (a) will take appropriate measures to identify and evaluate a candidate; (b) may consider a candidate recommended or offered for nomination by a shareholder of the Company; and (c) will, on making the recommendation, submit the candidate's personal profile to the Board for consideration.

The principal duties of the Nomination Committee include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- to keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace, and in this connection, to keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- to assess the independence of Independent Non-executive Directors, having regard to the requirements under the Listing Rules;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman of the Board and the chief executive; and
- to monitor the implementation of the Board Diversity Policy and to review the Policy, as appropriate, to ensure the effectiveness of the Policy.

The Nomination Committee held one meeting during the year ended 31st March, 2022. The attendance of each member was as follows:

Name of Director	Number of Attendance/ Number of Meeting Held
Mr. Laurent LAM Kwing Chee (<i>Chairman of the Nomination Committee</i>)	1/1
Mr. Joseph LAM Yuen To	1/1
Mr. Michael YU Tat Chi	1/1
Mr. Ronald YAN Mou Keung	1/1

BOARD COMMITTEES *(Continued)***Nomination Committee** *(Continued)*

During the year ended 31st March, 2022, the summary of work performed by the Nomination Committee was as follows:

- reviewed the structure, size and composition of the Board; and
- reviewed and assessed the independence of Independent Non-executive Directors in accordance with the requirements under the Listing Rules.

Audit Committee

The Company established the Audit Committee on 10th August, 1999 with specific written terms of reference in accordance with the requirement of the Stock Exchange which deal clearly with its authority and duties.

The members of the Audit Committee for the year ended 31st March, 2022 comprise three Independent Non-executive Directors, Mr. Joseph LAM Yuen To (Chairman of Audit Committee), Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung.

The principal duties of the Audit Committee include:

- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to develop and implement policy on engaging an external auditor to supply non-audit services;
- to review the Company's financial controls, and expressly addressed by a separate board risk committee, or the Board itself, to review the Company's risk management and internal control systems;
- to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective internal control systems;
- to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response; and
- to review the Group's financial and accounting policies and practices.

BOARD COMMITTEES (Continued)**Audit Committee (Continued)**

The Audit Committee held two meetings during the year ended 31st March, 2022. The attendance of each member is set out as follows:

Name of Director	Number of Attendance/ Number of Meeting Held
Mr. Joseph LAM Yuen To (<i>Chairman of the Audit Committee</i>)	2/2
Mr. Michael YU Tat Chi	2/2
Mr. Ronald YAN Mou Keung	2/2

During the year ended 31st March, 2022, the summary of work performed by the Audit Committee was as follows:

- review of the financial statement for the year ended 31st March, 2021 and for the six months ended 30th September, 2021;
- review and discussion of the audit findings with the auditor and review of the annual results announcement;
- review and consideration of various accounting issues and new standards and their financial impact;
- review the effectiveness of the internal control system of the Group; and
- consideration of the audit fee and audit work for the year.

Corporate Governance Functions

The Company is committed to enhancing its corporate governance practices appropriately to the conduct and growth of its business. To achieve a right balance between conformance and governance, the Board is responsible for introducing and proposing relevant principles concerning corporate governance so as to enhance the standard of corporate governance of the Company. The Terms of Reference of Corporate Governance Function of the Board of Directors was established to serve this purpose.

The Board is responsible for performing the corporate governance duties as follows:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; and
- to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

BOARD COMMITTEES (Continued)**Corporate Governance Functions (Continued)**

The Board held one meeting in respect of corporate governance functions during the year ended 31st March, 2022. The attendance of each member was as follows:

Name of Director	Number of Attendance/ Number of Meeting Held
Mr. Laurent LAM Kwing Chee (<i>Chairman</i>)	1/1
Mr. Anthony LAM Sai Ho (<i>Vice Chairman and Chief Executive Officer</i>)	1/1
Madam LAM Sai Mann	1/1
Ms. Morna YUEN Mai-tong	1/1
Mr. TSANG Siu Hung	1/1
Mr. Dennis LAM Saihong	1/1
Mr. Joseph LAM Yuen To	1/1
Mr. Michael YU Tat Chi	1/1
Mr. Ronald YAN Mou Keung	1/1

During the year ended 31st March, 2022, the summary of work performed by the Board in respect of corporate governance functions was as follows:

- reviewed the Company's policies and practices on corporate governance for 2021/2022;
- reviewed the training and continuous professional development of directors; and
- reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report for 2021/2022.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year ended 31st March, 2022, the Company Secretary undertook over 15 hours' professional training to update his skill and knowledge in compliance with the Code.

AUDITOR'S REMUNERATION

During the year ended 31st March, 2022, the total audit fee of the Group amounted to approximately HK\$1,640,000. Non-audit service fee for the year amounted to approximately HK\$70,000.

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of accounts for each financial period with a view to ensuring such accounts give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's accounts are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgment and estimates made are prudent and reasonable.

DIRECTORS' RESPONSIBILITIES FOR PREPARING THE FINANCIAL STATEMENTS *(Continued)*

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 67 to 71 of this annual report.

DIVIDEND POLICY

The Board has adopted a Dividend Policy in December 2018 which sets out the guidelines for the Board to determine whether to pay a dividend and the level of such dividend to be paid. The Board may also declare special dividends in addition to the interim dividend and final dividend as it considers appropriate. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into consideration the Group's distributable profits generated during the year, economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group, the investment needs and the retained profits that should be set aside for future development purposes, the current and future liquidity position and capital requirements of the Group. The payment of dividend is also subject to any restrictions under the laws of Bermuda and the Company's Bye-laws.

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective risk management and internal control systems of the Group. The Group's risk management and internal control systems include a well-defined management structure with limits of authority which is designed for the achievement of business objectives, so as to safeguard assets against unauthorized use or disposition, to ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, to ensure proper control of any material risks relating to environmental, social and governance, and to ensure compliance with relevant legislation and regulations.

During the year under review, the Board, through the Audit Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Group including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The Board is of the view that the existing risk management and internal control systems are effective and adequate to the Group.

SHAREHOLDERS' RIGHTS

The Company treats all shareholders equally and ensures that shareholders' rights are protected and every convenience is provided to exercise their rights in the many ways that they should receive. The Memorandum of Association and New Bye-Laws of the Company sets out the rights of our shareholders.

(a) Rights and procedures for shareholders to convene special general meeting ("SGM")

The Directors of the Company, notwithstanding anything in its bye-laws shall, on the requisition of Shareholders of the Company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene a SGM of the Company.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Company Secretary at the Company's Head Office at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

SHAREHOLDERS' RIGHTS *(Continued)*

(a) **Rights and procedures for shareholders to convene special general meeting ("SGM")** *(Continued)*

The request will be verified with the Company's Share Registrars in Bermuda or Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the SGM.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

(b) **Rights and procedures for shareholders to make proposals at general meetings**

(i) ***Rights and procedures for proposing a person for election as a director at a general meeting are as follows:***

No person, other than a retiring Director, shall, unless recommended by the board of directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected including that person's biographical details as required by rule 13.51(2) of the Listing Rules on the Stock Exchange shall have been lodged at the Head Office of the Company at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong or at the Registration Office provided that the minimum length of the period, during which such notice is given, shall be at least 7 days before the date of the general meeting.

If the notice is submitted after the dispatch of the notice of the general meeting appointed for such election, the period for lodgment of such notice shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

If the notice is received less than 10 business days prior to the date of such general meeting, the Company will need to consider the adjournment of such general meeting in order to allow Shareholders 14 days' notice (the notice period must include 10 business days) of the proposal.

(ii) ***Rights and procedures for proposing resolution to be put forward at a general meeting are as follows:***

To put forward proposals at an Annual General Meeting ("AGM"), or SGM, the Shareholders should submit a written notice of those proposals with the detailed contact information to the Company Secretary at the Company's Head Office at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong. The request will be verified with the Company's Share Registrars in Bermuda or Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

SHAREHOLDERS' RIGHTS *(Continued)*

(b) Rights and procedures for shareholders to make proposals at general meetings *(Continued)*

(ii) **Rights and procedures for proposing resolution to be put forward at a general meeting are as follows:** *(Continued)*

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholders concerned at AGM or SGM varies according to the nature of the proposal, as follows:

- At least 14 days' notice (the notice period must include 10 business days) in writing if the proposal constitutes an ordinary resolution of the Company in SGM.
- At least 21 days' notice (the notice period must include 20 business days) in writing if the proposal constitutes an ordinary resolution of the Company in AGM or a special resolution of the Company in AGM or SGM.

(c) Procedures to send enquiries to the Board

The enquiries must be in writing with contact information of the requisitionists and deposited at the Company Secretary at the Company's Head Office at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong.

SHAREHOLDERS' COMMUNICATION POLICY

The Company believes in maintaining full, open and timely communication with its shareholders, and observing high standards in corporate governance and shareholder communications.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting ("AGM"), annual report, interim report, various notices, announcements and circulars.

To promote effective communication with shareholders, the Company provides them with access to the latest information about the Company. The Company's website, www.grdil.com, serves as the primary tool to communicate rapidly with shareholders, and is a source of useful and current information about the Company. Financial and other information relating to the Group and its business activities is made available on the Company's website, which is regularly updated.

Extensive information on the Company's activities is provided in the annual and interim reports and circulars, which are sent to shareholders and are also available on the websites of Hong Kong Exchanges and Clearing Limited and the Company.

The Company values feedback from shareholders. Comments and suggestions are welcomed and can be addressed to the Company by mail to the Company's head office at 11/F., Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong.

The AGM of the Company provides a useful forum for shareholders to exchange views with the Board. The Directors, Chairmen of the Audit, Remuneration and Nomination Committees and the external auditor are also available at the AGM to address shareholders' queries. Shareholders are encouraged to attend the general meetings of the Company. Sufficient notice is sent to shareholders before the AGM.

SHAREHOLDERS' COMMUNICATION POLICY *(Continued)*

To safeguard shareholders' interests and rights, separate resolutions are proposed at general meetings on each substantial separate issue, including the election of individual Directors.

Details of the poll voting procedures are included in the Company's circulars convening a general meeting. Where necessary, the detailed procedures for conducting a poll will be explained at the meeting. The results of the poll will be posted on the websites of Hong Kong Exchanges and Clearing Limited and the Company after each general meeting.

The above Shareholders' Communication Policy is well established to ensure that shareholders are provided a true and fair view of the Company. The Board is of the view that the Shareholders' Communication Policy is implemented and is effective to the Company during the year.

Environmental, Social and Governance Report

INTRODUCTION

The Board is pleased to present this report pursuant to the disclosure requirements of the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 to the Listing Rules (the “Guide”) for the purpose of disclosing the Group’s performance in these aspects for the reporting period from 1st April, 2021 to 31st March, 2022. The business segments of the Group entitled for reporting include its rice operation (import and distribution of rice) and convenience store operation (Circle K stores in Vietnam)¹, which contributed to more than 90% of the Group’s revenues and represented the principal operations of the Group. Policies, statements and information set forth in this report cover the relevant operations of the two business segments under our effective control. The Board considers that a sound environment, a harmonious society and good governance are of utmost importance to the sustainable development of both the Group’s business and the community in which we operate. Therefore, the Group is committed not only to enhancing our financial performance but also to implementing various policies and measures to increase our efforts in environmental protection, fulfil our social responsibilities and enhance our governance.

REPORTING STANDARD AND PRINCIPLES

This Environmental, Social and Governance (“ESG”) Report (the “Report”) is prepared in accordance with the Guide. The Report is prepared following the principles of “materiality”, “quantitative”, “consistency” and “balance” of the Guide:

Materiality: Stakeholders are provided with relevant and important information. A materiality assessment was conducted to assess the materiality and relative importance of the ESG topics to the Group.

Quantitative: To assist our stakeholders in objectively assessing the Group’s environmental, social, and governance performance, quantitative information is provided along with comparative data and narrative.

Consistency: ESG data is prepared using consistent methodologies with previous years, unless specified otherwise (either in text or in footnotes).

Balance: We are focused on providing an unbiased picture of the Group’s ESG performance by avoiding biased narratives, selective omissions and presentation methods that may mislead our stakeholders.

VISION AND MISSION

The Group’s vision is to provide industry-leading products and services, and continue to innovate on our brands and businesses to better serve the aspirations of our stakeholders.

The Group’s mission is to consistently offer the broadest selection of premium products and services, and provide the best consumer experience to global customers.

¹ Convenience store operation has been added to the reporting scope for the period ended 31st March, 2022.

ESG COMMITTEE STRUCTURE

By implementing adequate and appropriate policies and initiatives across our operations, we strive to fulfil stakeholder's expectations regarding ESG performance. The chart below outlines our corporate governance structure and ESG workflow.



The Board is responsible for the ESG strategy and reporting. This includes identifying material ESG issues, targets setting, reviewing progress made towards targets, risk evaluation and management, and strengthening internal control systems.

The ESG Working Group consists of head of different key operating departments. It implements targets and goals determined by the Board, monitors ESG-related risks and internal controls, and provide guidance to integrate ESG considerations into business operations. It presents periodic reports to the Board which provides feedbacks on effectiveness of the Group's ESG policies, risk management and internal controls.

The Group's accounting department facilitates additional supervision and assessment on the effectiveness of risk management and internal controls. It facilitates the ESG reporting process and takes part of the annual ESG reporting process. The annual ESG Report is reviewed by the ESG Working Group and approved by the Board. The annual ESG Report also reflects our works and progress towards the Group's ESG targets and goals, as well as our efforts to address interests of our stakeholders.

STAKEHOLDER ENGAGEMENT

To achieve our ESG goals, we recognize the importance of understanding the concerns and expectations of our stakeholders in the ongoing improvement of overall ESG management. The table below describes our primary stakeholder groups, as well as means of engagement, that the ESG Working Group believes may contribute insights to our overall ESG management:

Stakeholder Groups	Engagement Channels
Employee	Internal Emails and Publications Training Meetings and Briefings Performance Appraisal Employee Activities
Customer/Consumer	Customer Satisfaction Survey Client Meetings Corporate Website

Stakeholder Groups	Engagement Channels
Investor/Shareholder/Analyst	Annual General Meeting Investor Relation Website Press Release and Announcements Annual and Interim Report
Supplier/Contractor/Service provider	Business Meetings Email and Phone Correspondence
Government	Email and Phone Communications Corporate Annual Return
Industry association	Association Meeting Complaints Filing Voting

MATERIALITY ASSESSMENT

The Group conducts materiality assessment exercises to identify the relative impact of ESG issues related to the Group's operations for reporting and strategy development purposes. The procedure of such assessment is as below.

1	Identification of issues We use the United Nations Sustainable Development Goals (“SDGs”) as a basic framework to build a sustainable organization. We identify issues using the SDGs as a guideline together with insights gathered from daily operations and stakeholders
2	Stakeholders Questionnaire Understand and evaluate the significant matters to stakeholders through questionnaires and interviews
3	Materiality Ranking Prepare an ESG materiality ranking based on the findings
4	Verification Confirm the material issues after review and evaluation by the ESG Working Group with the support of external consultant(s) when needed

18 material issues were identified, which were ranked based on materiality. The data collected is mapped into a materiality matrix, as seen below. 7 issues were classified as highly important, 9 issues were classified as important, and the remaining 2 were classified as partially important.

Materiality Matrix



MATERIAL ISSUES

Caring for the Employees	Caring for the Community	Caring for the Environment
1 Employee care	6 Product quality and services responsibility	13 General waste
2 Talent development and training	7 Product recall procedures	14 Water consumption
3 Diversity and equal opportunities	8 Customer service and complaint handling	15 Energy consumption and CO ₂ emissions
4 Employee health and safety	9 Customer data protection and privacy	16 Packaging material used for products
5 Employment practices and labour standards	10 Contributions to local communities	17 Use of other natural resources
	11 Anti-Corruption/bribery	18 Other impacts to the environment
	12 Supplier management	

A. ENVIRONMENTAL

There is no significant impact to the environment made by the Group's operations. The Group has various sustainable and waste recycling policies and has set environmental targets to be achieved by 2030.

The Group's operations do not generate any hazardous waste. Our main source of non-hazardous waste is general waste from offices and production operations. The Group's main source of emission is generated indirectly through electricity use.

We strive to improve the utilization rate of energy and resources, undertake energy saving and consumption reduction activities to save water and electricity and reduce paper consumption. As part of our commitment to environmental protection, we have set the following environmental targets for our rice operation²:

Aspect	Base year	Target year	Target
Total non-hazardous waste	2022	2030	Explore technology to reduce intensity
Electricity consumption	2022	2030	Reduce intensity by 5%
Greenhouse gas emissions	2022	2030	Reduce intensity by 5%
Water consumption	2022	2030	Reduce intensity by 10%

A1 General waste

The Group is committed to the practice of responsibly handling all types of waste generated from its operations. The sewage and solid waste discharged by the Group's principal place of business arise from domestic activities of our employees, and no industrial wastewater or industrial waste was produced. The domestic sewage produced by the Group is discharged via municipal pipelines and treated at sewage treatment plants.

We strictly comply with local laws and regulations including the Waste Disposal Ordinance (Cap.354) in Hong Kong, Law on Environmental Protection, Law on Water Resources, Decree No. 155/2016/ND-CP on Sanctioning Administrative Violations in Environment Protection, Decree No. 38/2015/ND-CP on Management of Waste and Discarded Materials, and Decree No. 80/2014/ND-CP on the Drainage and Treatment of Wastewater.

² Convenience store operation targets are added for the reporting period ended 31st March, 2023.

A1.1 Non-hazardous wastes

Type of waste (in tonne)	2022	2021
<i>Rice operation</i> ³		
Copy paper	3.63	4.09
Woven bags	201.34	207.44
Lubricant oil	—	0.15
Total	204.97	211.68
Total non-hazardous waste intensity (kg/tonne of production)	2.84	2.86
<i>Convenience store operation</i> ⁴		
Copy paper	12.33	N/A
Paper for packaging	13.00	N/A
Total	25.33	N/A
Total non-hazardous waste intensity (kg/square meters of gross floor area)	0.37	N/A

For the Group's overall operation, we continue to contribute to the reduction of general waste pollution of the environment by implementing a variety of waste reduction measures:

Degradable plastic packaging material

The Group proactively explores new alternatives and upgrades to consumer end packaging. We launched Hong Kong's first environmentally friendly rice bag which is made of degradable plastic, allowing us to contribute more towards the reduction of plastic pollution to the environment.

Recyclable waste

We collect the woven bags used by our suppliers for recycling and actively explore ways for the bags to be reused. Other recyclable wastes such as lubricant oil are handled and stored with due care and collected by third parties for recycling in accordance with the relevant laws and regulations.

³ Paper for packaging under non-hazardous wastes in the reporting period ended 31st March, 2021 was reclassified under packaging material consumption in the reporting period ended 31st March, 2022.

⁴ The convenience store operation was not in reporting scope for the period ended 31st March, 2021.

Employee carbon footprint reduction initiatives

We encourage our employees to reduce paper consumption and recycle all paper waste. We also promote communication by electronic means. We provide green cleaning products and glasses for employees to use.

We also encourage our employees to avoid the use of single-use plastic tableware and plastic bags when possible and use sustainable alternatives such as reusable utensils and eco-friendly shopping bags. Employees are also encouraged to take public transportation or practise carpooling.

A2 Water consumption

Water is another important resource used by the Group in daily operation. It is used mainly in production lines for cleaning and machinery cooling, convenience store operation, offices and canteens. Our water conservation measures include water leakage prevention and identification of abnormal water usage to minimize wastage. We advocate water conservation and reduce water waste with the installation of sensor faucets. Given the Group consumes limited amount of water, the Group does not have issues in sourcing water for its operations.

Water (in cubic meter)	2022	2021
<i>Rice operation</i>		
Consumption	2,556.00	4,045.50
Consumption Intensity (m ³ /tonne of production)	0.0354	0.0548
<i>Convenience store operation</i>		
Consumption	74,908	N/A
Consumption Intensity (kg/square meter of gross floor area)	1,105.29	N/A

A3 Energy consumption and carbon emission

The Group's operations do not generate significant amount of emissions and have no significant impact to the environment. The main emissions include: air emissions produced through gasoline-powered vehicles, liquefied petroleum gas forklift trucks, greenhouse gases ("GHG") indirectly produced from electricity consumption.

A3.1 Energy consumption

The Group's main sources of energy consumption resulted from electricity used by convenience store operation, rice production lines as well as fuel consumption by vehicles and machinery.

Energy Consumption

Energy Usage	2022 Consumption Volume	2021 Consumption Volume
<i>Rice operation</i>		
Liquefied petroleum gas (in liter)	20,580	24,872
Intensity (liter/tonne of production)	0.29	0.34
Lead-free gasoline (in liter)	41,128	28,628
Intensity (liter/tonne of production)	0.57	0.39
Diesel (in liter)	3,056	3,547
Intensity (liter/tonne of production)	0.042	0.048
Purchased electricity (in kilowatt-hour)	4,489,705	4,620,550
Intensity (kilowatt-hour/tonne of production)	62.27	62.53
<i>Convenience store operation</i>		
Lead-free gasoline (in liter)	3,990	N/A
Intensity (liter/square meter of gross floor area)	0.059	N/A
Purchased electricity (in kilowatt-hour)	21,367,809	N/A
Intensity (kilowatt-hour/square meter of gross floor area)	315.29	N/A

In order to reduce energy consumption, the Group has kept the use of resources to a minimum through various green practices as follows:

1. Use energy-efficient lighting and electrical appliances in the office and workplace
2. Thermostat-controlled air conditioning systems with optimal and suitable warehouse and office temperature
3. Motion sensitive and timer-controlled electric appliances and office lighting
4. Minimize travelling when possible and conduct online meetings and trainings
5. Promote employee carbon footprint reduction initiatives

A3.2 Greenhouse gas emission

The Group's main sources of greenhouse gas resulted from electricity used by convenience store operation and rice production lines, as well as fuel consumption by vehicles and machinery.

Scopes of GHG

emission (in tonnes of CO ₂)	Sources	2022 Emissions*	2021 Emissions*
<i>Rice operation</i>			
Scope 1 direct emission	Lead-free gasoline, diesel and liquefied petroleum gas consumed by self-owned vehicles and forklift trucks and air-conditioning equipment	151.63	182.60
Scope 2 indirect emission	Electricity	1,758.21	2,495.10
Total		1,909.84	2,677.70
Total GHG Intensity (tonnes of CO₂e/tonne of production)		0.0252	0.0363
<i>Convenience store operation</i>			
Scope 1 direct emission	Lead-free gasoline, diesel and liquefied petroleum gas consumed by self-owned vehicles and forklift trucks and air-conditioning equipment	10.61	N/A
Scope 2 indirect emission	Electricity	17,181.86	N/A
Total		17,192.47	N/A
Total GHG Intensity (tonnes of CO₂e/square meters of gross floor area)		0.254	N/A

* The GHG is calculated according to the "Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the emission factor published by the electricity provider as well as the "UK Government GHG Conversion Factors for Company Reporting" issued by the Department for Business, Energy & Industrial Strategy of the United Kingdom and Final Report on the Study and Development of Emission Factor (EF) for Vietnamese Electrical Grid in 2020 by Ministry of Natural Resources and Environment of Vietnam.

Direct carbon emission of the Group result from lead-free gasoline, diesel and liquefied petroleum gas consumed when driving self-owned vehicles, forklift trucks and air-conditioning equipment. The Group is focused on minimizing carbon emission produced from liquefied petroleum gas forklift trucks by using battery electric forklift trucks and installing filtering devices to purify the waste gas.

Indirect carbon emission of the Group result from electricity consumption during production activities and management offices of the Group. The Group prioritizes the use of efficient energy-saving products, such as energy-saving motors, energy-saving lamps, energy-saving air conditioners when purchasing new electrical appliance.

A4 Packaging material used for products

For the Group's rice operation, majority of packaging materials used are rice bags and paper. The Group has proactively explored new alternatives and upgrades to consumer end packaging. We have launched Hong Kong's first environmentally friendly rice bag which is made of degradable plastic for reducing plastic pollution to the environment.

For the Group's convenience store operation, majority of packaging materials used are plastic bags and paper. The Group encourages consumers to use eco-friendly methods under our BYOB consumer single plastic use initiative. The Group is also launching reusable foldable bags and bio-degradable straws programs.

Packaging Materials (in tonne)	2022	2021
<i>Rice operation</i>		
Papers	49.01	61.46
Plastic bags	562.75	619.27 ⁵
Packaging materials	38.47	44.03
<i>Convenience store operation</i>		
Papers	56.02	N/A
Plastic bags	68.43	N/A
Plastic wrap	8.00	N/A

A5 The environment and natural resources

The Group has a long standing environmentally conscious operation philosophy and our employees are encouraged to maintain a green office and live sustainably. Awareness of our employees enables the Group to accelerate our goals toward energy conservation, consumption reduction, green and healthy development.

The Group continuously improve our production process and maintain our production equipment to avoid unintended abuses and wastage of natural resources.

The Group is also devoted to reduce the use of natural resources through environmentally friendly procurement such as earth-friendly tools, furniture and green stationary.

A6 Other impacts to the environment

For the Group's rice operation, we have carried out upgrades to become more environmentally friendly. Acoustic treatment such as the addition of silencer has been applied to the exhaust air system to minimize noise levels from our production machines during daily operation.

For the Group's convenience store operation, we are cooperating with suppliers on our eco-friendly policies, and encouraging them to participate in sustainability measures such as using environmentally friendly materials and packaging.

⁵ Plastic bags usage in the reporting period ended 31st March, 2021 is revised to include all bags used by the Group to deliver products to customers.

The Group strictly complies in material respects with local laws and regulations regarding to environmental protection, including the Air Pollution Control Ordinance (Cap. 311), Waste Disposal Ordinance (Cap.354), Water Pollution Control Ordinance (Cap.358), Noise Control Ordinance (Cap. 400), Environmental Impact Assessment Ordinance (Cap. 499), Hazardous Chemicals Control Ordinance (Cap. 595), Product Eco-responsibility Ordinance (Cap.603) and Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611) in Hong Kong and the Law on Protection of the Environment in Vietnam.

There was no material non-compliance case noted in relation to environmental laws and regulations during the reporting period.

A7 Climate change risks

For the Group's operations, we actively evaluate risks that climate change poses to our businesses. For instance, extreme weather conditions may impact crop yield, potentially affecting the sourcing of raw materials for our products. Supply chain logistics may also be affected by global weather conditions. Extreme weather may bring damages to warehouse, offices, convenience stores and consumer behaviour may also be influenced by weather conditions.

To better manage climate change risks, we actively source from multiple regions in intervals over the year, and we engage supplementary supply chain logistics providers. Furthermore, we conduct periodic checks on structural soundness of our buildings and warehouses so as to strengthen preventive measures to ensure continuous operation in case of extreme weathers. We implement emergency measures such as employee emergency call list and data backup at multiple storage locations to prevent data information loss.

B. SOCIAL

B1 Employee care

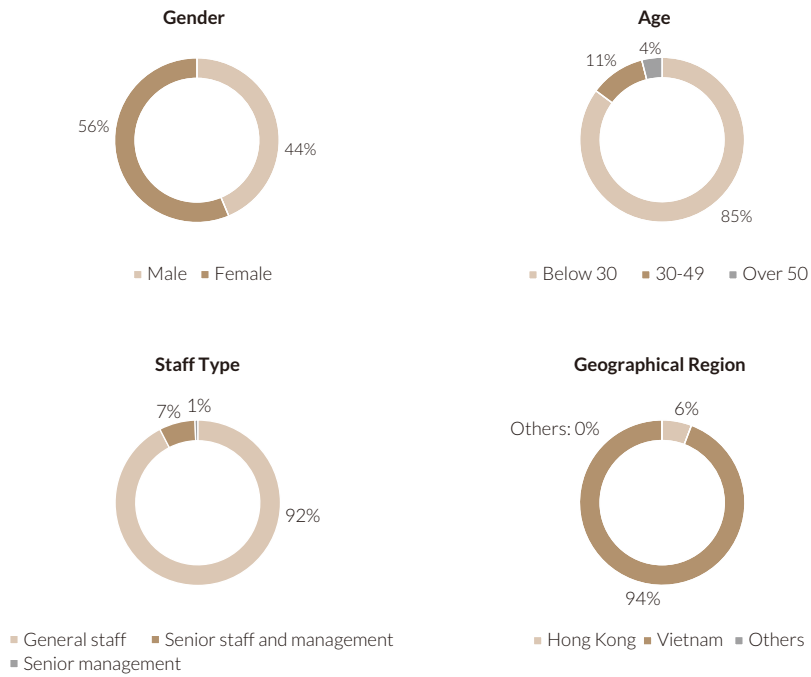
The Group appreciates its employees for their hard work and contribution, and therefore demonstrates ongoing care for its employees, advocates work-life balance, and organizes various activities, aiming to improve their sense of belonging and well-being.

The Group's remuneration package consists of standard remuneration, medical insurance, allowances and bonuses. All employees are entitled to paid holidays such as statutory holidays, annual leave, marriage leave, maternity leave, paternity leave and sick leave. The Group has also adopted incentive and bonus schemes to recognise and reward the employees who have contributed to the growth and development of the Group.

The Group provides an equal opportunity working environment. Discrimination against our staff in respect of recruitment, dismissal, training, remuneration and promotion is strictly prohibited. The Group strictly complies in material respects with all labour laws and regulations where its businesses are located. We aim at creating an inclusive workplace by adopting non-discriminatory hiring and employment practices that are fair to people of different race, gender, sexual orientation, ethnicity, religion, pregnancy, marital status, disability, family status and personal characteristics.

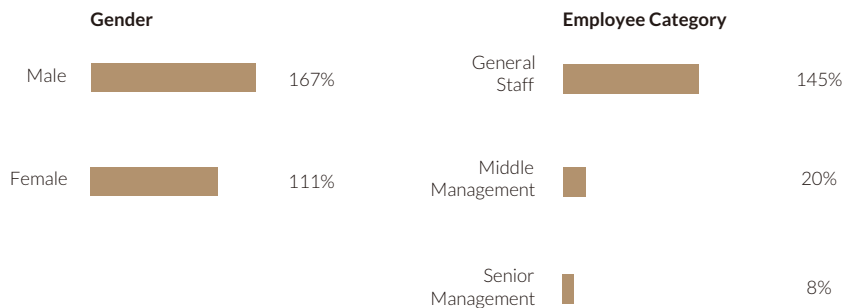
The Group has been awarded the Good MPF Employer for more than 5 years and is presented with a MPF Support Award by the Mandatory Provident Fund Schemes Authority.

Total Workforce



B2 Talent development and training

For the Group's operations, employees are seen as crucial resources and a critical component in driving business success. We have comprehensive training systems to provide on-the-job training with an aim to enhance individual skillset and management capabilities. The Group's People Management Department is responsible for employee development and training. We will continue to develop employee focused programs to create a sustainable working environment.



Details of average training hours⁶ are shown below. During the reporting period, a total of 6,012 employees were trained.^{7,8}



The Group adopts a strict zero tolerance approach towards corruption and strictly abides by the business ethics of honesty, trustworthiness and self-discipline. Non-compliant employees will be subject to disciplinary actions, and their managers will be held accountable. Upon employment, all employees are issued Employee Code of Conduct, and guidance on rules such as gift handling, securities trading, and data security.

Majority of the workforce for convenience store operation are high school students, whose availability and work schedules are often dictated by demand of school work. Total employee turnover was 6,653, amongst which 3,397 were male and 3,256 were female. 6,392 were below 30 years old, 234 were within the age range of 30-49 years old, whilst 27 were over 50 years old. Among the resigned staff, 44 were from Hong Kong whilst 6,608 were from Vietnam, with the remaining in other regions.

B3 Employee health and safety

The health of employees is of utmost importance to us. We strive to create a healthy and safe workplace, strengthen safety awareness of employees, and exert persistent effort to pandemic prevention and control, all with a view to safeguarding the mental and physical wellbeing of employees.

The Group is committed to improve working environment for employees and taking all appropriate measures to safeguard their health and safety. We have formulated operational safety rules and practices for all production staff, detailing safety precautions for different production processes, and arranged induction trainings of the said safety rules and practices for all new employees. To further improve our employees' safety awareness in case of fire emergencies, the Group regularly arranges fire drill exercises. To prevent fire accidents, smoking is strictly prohibited within the Group's premises. Furthermore, we have set up a first aid team to provide immediate first-aid support for our employees. Automated External Defibrillators (the "AED") are installed within the building to respond to cardiac arrests and a team of employees are trained in using the AED before the arrival of ambulances. The Group complies in material respects with relevant occupational safety and health legislations in Hong Kong.

⁶ Average training hours is calculated by dividing the training hours in a gender or employee category by the number of employees trained in the same category during the reporting period.

⁷ Number of employees trained during the reporting period was higher than the number of employees existing at the end of the reporting period, consistent with the high turnover nature of the retail industry.

⁸ Percentage of employees trained is calculated as the number of employees who is trained in a specific category during the reporting period divided by the number of existing employees in the category by the end of the reporting period.

We strictly comply with the relevant occupational health and safety-related laws and regulations, including The Vietnamese Labour Code (Chapter IX), Law on Occupational Safety and Hygiene and Company regulations on Occupational Safety and Hygiene (Chapter IV) in all material respects.

During the reporting period, the Group recorded a total of 336 lost days due to work injury. There has been no case of work-related fatality in the past 3 years. There was no material non-compliance case relating to health and safety laws and regulations during the reporting period.

B4 Compliance employment

The Group has always regarded its employees as its most valuable assets. Being a people-oriented company, the Group respects the legitimate rights and interests of all employees, supports their career development, enriches their leisure lives, and is committed to creating a healthy, safe yet inclusive workplace for employees.

For the Group's operations, we are committed to building mutual respect amongst our employees. The Group strictly complies in material respects with all labour legislation in regions where its businesses are located. We adopt a prudent and comprehensive recruitment review process and our People Management Department ensures that personal information provided by the candidates is true and accurate. Candidates are also required to provide proof of identity at the time of interview. Background investigations and verifications on candidates are also conducted.

We prohibit the use of child or forced labour in any of our operations or services. Forced labour, whether by physical punishment, maltreatment, involuntary servitude, peonage, or trafficking, is strictly forbidden. Children under the legal working age as defined by local labour laws will not be employed. Thorough investigations will be conducted upon identifying cases of child or forced labour, or from relevant complaints within our operations and our suppliers. Confirmed cases will be treated with utmost importance and matters shall be reported to regulatory authorities within corresponding regions.

For the Group's convenience store operation, the Group strictly complies in material respects with the following laws and regulations: The Vietnamese Labour Code (Chapter XI), Decree 152/2020/ND-CP on foreign workers working in Vietnam and recruitment and management of Vietnamese workers working for foreign employers in Vietnam, Decree 145/2020/ND-CP regarding elaboration of some articles of the labour code on working conditions and labour relations; Circular 10/2020/TT-BLDTBXH concerning the guidance of certain articles of the Labour Code with respect to employment contracts; Circular No. 09/2020/TT-BLDTBXH relating to implementation of some articles of the Labour Code on minor workers collective bargaining council and jobs with hazards to reproductive function and children raising; Decree 135/2020/ND-CP concerning retirement age, Law on Employment; Law on Social Insurance; Law on Health Insurance; Law on Trade Union as well as the Group's regulations. By strictly complying with the labour law, we do not recruit candidates under 18 years old.

All employees of the Group must observe the standard working hours. Overtime work is not encouraged unless in special circumstances and employees are entitled to additional overtime compensation in such cases. The employment policies of the Group also protect the right of free choice of employment by any person and ensure that all the employment relationship is formed on a voluntary basis.

We have also taken effective actions to ensure compliance with the relevant employment-related laws and regulations. For instance, the Group monitors and revises employment-related documentation such as contracts and internal labour regulations taking into account new and changing laws and industry practices. We also communicate with our staff to ensure that they have a comprehensive understanding of workplace policies and procedures.

As at 31st March, 2022, there were a total of 4,436 permanent and part-time employees working in the Group's rice operation in Hong Kong and convenience store operation in Vietnam. There was no material non-compliance case relating to employment and labour related laws and regulations during the reporting period. There was no case of child labour or forced labour, and we did not record any incidents of discrimination.

B5 Quality Assurance

The Group's mission is to consistently offer the broadest selection of premium rice products to global customers and provide the best convenience store consumer experience in Vietnam. The Group continues to establish and improve product quality management system, providing our customers with reliable, convenient and safe products plus services.

B5.1 Product quality and product recall procedures

The Group has strict protocols to avoid unsafe and substandard products. Our quality control system covers the processes of quality control, product verification, product tracking and product recall.

For the Group's rice operation, daily procedures are carried out by Quality Control Department to inspect raw materials, packaging and finished products, thereby prohibiting products of inferior quality to be delivered to any customers. We conduct sampling tests on products and verify quality result regularly. There is a tracking system and accountability can be pursued. Products with defects can be recalled through the product tracking system in a timely manner.

For the Group's rice operation, through continued improvement of its rice processing and packaging technologies, the Group strives to offer better products and services to its patrons. The Group has passed requirements for the certification of ISO 9001, HACCP and ISO 22000 Qualification since 2003, symbolizing international recognition of the Group's stringent production procedures and exceptional product quality. The quality assurance and brand success of Golden Elephant are evident through numerous awards won in recent years, including "Top Mark" of Hong Kong Top Brand Awards, Q-Mark Award, Wellcome's Top 10 Favorite Brands and PARKnSHOP Super Brands Award.

For the Group's convenience store operation, we have an inventory management and tracking system whereby in case of manufacturer recalls we can conduct the recall in a timely manner. The store operation must strictly comply with all local regulation and policies, including the Vietnamese Civil Code, Law on Commerce, Law on Quality of Products and Goods and Law on Protection of Consumer's Right. In addition, product label information also complies with Vietnamese Regulations. Merchandise details such as ingredients, storing, usage and food safety notice are found on all product labels.

We conduct investigation for products recall based on quality issues, product inspections or customer complaints. Each case filed must be confirmed and reviewed by our Quality Control Department. For serious or repeated issues, the Quality Control Department will request for the recall of the products until our Quality Control Department is satisfied that corrective and improvement actions have been taken.

During the reporting period, there was no product recalled due to health and safety reasons.

B5.2 Customer service and complaint handling

The Group strives to provide our customers with satisfactory services. We have developed a comprehensive customer complaint handling and goods return procedure. Each complaint will be investigated by responsible employees who will collect sufficient and objective evidence to support the findings of the investigation. All requests and suggestions from customers will be carefully considered.

Specific to the Group's convenience store operation, the process of handling customer complaints begins with our Customer Service team receiving complaints via telephone or email. The complaint will then be classified and based on its nature be transferred to related teams such as Operations, Food Service or IT for handling. The respective departments will investigate the issue prudently and provide feedback to our customers directly. Alternatively, the Customer Service team members will continue to follow the case with further actions until the customer is satisfied.

During the reporting period, our response rate to customer complaints was 100%.

B5.3 Customer data protection and privacy

The Group attaches great importance to cybersecurity and the protection of users' private data. The Group has established structure and system for security management to provide data security and protect customer privacy.

In the ordinary course of business, our Information Technology team meets regularly to recap data security matters and promptly communicate on emergency responses, to ensure the security of our employee, supplier, customer data, as well as of information across our upstream and downstream activities.

For the Group's rice operation, we strictly comply with relevant data privacy laws and regulations, such as the Personal Data (Privacy) Ordinance (Cap. 486) in all material respects. For the Group's convenience store operation, we strictly adhere to related laws and regulations, such as the Vietnamese Civil Code, Law on Network Information Security, Law on Electronic Transactions, Law on Protection of Consumer's Right and Law on Cybersecurity.

There was no case of non-compliance noted in relation to data privacy laws and regulations during the reporting period.

B5.4 Supplier management

We have adopted a strict selection process of suppliers for the Group by only choosing suppliers from an approved list. The Group closely monitors and performs regular reviews on the performance of suppliers to ensure product quality. The assessment mainly includes but is not limited to product quality, business reputation, past performance, financial status, operating in good integrity and price advantages. If the assessment results do not satisfy our requirements, the respective supplier(s) will be removed from our approved list.

As at 31st March 2022, the Group had approximately 500 major suppliers, including legal advisors, professional service providers and utility companies. Approximately 95% represent suppliers for our convenience store operation and are based in Asia.

B5.5 Intellectual Property

The Group respects intellectual property rights and complies with relevant laws and regulations regarding the usage of licensed products and copyrighted materials as stated in our policy. Our employees are required to abide by all policies regarding the protection of intellectual properties and disciplinary actions will be taken against violations of the aforesaid mentioned policies.

There was no material non-compliance case noted regarding intellectual property related laws and regulations during the reporting period.

B5.6 Anti-Corruption/bribery

The management of the Group promotes a corporate culture of honesty and integrity and creates a corporate environment of anti-corruption and anti-fraud. To enhance the sense of integrity of the employees, the Group educates employees on corruption prevention practices and bribery and warns employees against fraud, extortion and money laundering activities.

In addition, the Group has set up anti-corruption whistleblowing channel and email. Having assigned responsible officer to conduct investigations and categorize information immediately after the reporting. The Group ensures that there will not be retaliation against whistle-blowers with our information security protection system.

Annual anti-corruption training is provided to directors and staff as part of our integrity training and as a reminder of the implication of corruption instances to the Group. The Group strictly complies in material respects with relevant laws and regulations on anti-corruption, including the Prevention of Bribery Ordinance (Cap. 201) in Hong Kong and the Vietnamese Penal Code, Law on Anti-Corruption and Decree No. 59/2019/ND-CP.

There was no material non-compliance case noted in relation to corruption-related laws and regulations, and no concluded legal cases during the reporting period.

B6. Contributions to local communities

The Group is committed to make positive contributions to communities by supporting social programs and charity initiatives. During the reporting period, the Group worked with charity organizations to implement activities such as “Farmers fight the epidemic together – Vegetables contribute care” in March 2022 held by the Federation of Hong Kong Agricultural Associations and Hong Kong Fishermen Consortium, Affordable Rice Campaign held by Goods Co-Share, Hong Kong Parkinson’s Disease Foundation, New Life Psychiatric Rehabilitation Association, Hong Kong Blood Cancer Foundation, Mighty Oaks Foundation, United Christian Nethersole Community Health Service and other social services organizations to support our community. The Group also supports different religious institutions, schools and community initiatives such as The Road Safety Campaign Committee. The Group will continue to support local communities in Hong Kong on an ongoing basis.

The Group also makes contributions regarding community investment in Vietnam that include children charity and environment protection. Apart from sponsoring the Fun Run campaign, our staff also participated in the run. The Group also promotes charity activities through our advertising platforms at the convenience stores.

An amount of over HK\$100,000 worth of value of goods has been contributed by the Group to Hong Kong Blood Cancer Foundation, Hong Kong Parkinson’s Disease Foundation, New Life Psychiatric Rehabilitation Association and Mighty Oaks Foundation during the reporting period.

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<i>Aspect A2: Use of Resources</i>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A3 Energy consumption and carbon emission	49
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	A3.1 Energy consumption	50
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2 Water consumption	49
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A. Environmental	47
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2 Water consumption	49
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A4 Packaging material used for products	52
<i>Aspect A3: The Environment and Natural Resources</i>			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	A5 The environment and natural resources	52
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A5 The environment and natural resources	52
<i>Aspect A4: Climate Change</i>			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A7 Climate change risks	53
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A7 Climate change risks	53

General Disclosures and Key Performance Indicators			
Indicators	Disclosure	Reference	Page
Social			
<i>Aspect B1: Employment</i>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1 Employee care	53
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	B1 Employee care	54
B1.2	Employee turnover rate by gender, age group and geographical region.	B2 Talent development and training	54
<i>Aspect B2: Health and Safety</i>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B3 Employee health and safety	55
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B3 Employee health and safety	56
B2.2	Lost days due to work injury.	B3 Employee health and safety	56
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B3 Employee health and safety	55

General Disclosures and Key Performance			
Indicators	Disclosure	Reference	Page
<i>Aspect B3: Development and Training</i>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B2 Talent development and training	54
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B2 Talent development and training	55
B3.2	The average training hours completed per employee by gender and employee category.	B2 Talent development and training	55
<i>Aspect B4: Labour Standards</i>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4 Compliance employment	56
B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4 Compliance employment	56
B4.2	Description of steps taken to eliminate such practices when discovered.	B4 Compliance employment	56
<i>Aspect B5: Supply Chain Management</i>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5.4 Supplier management	59
B5.1	Number of suppliers by geographical region.	B5.4 Supplier management	59
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5.4 Supplier management	59
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5.4 Supplier management	59
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5.4 Supplier management A6 Other impacts to the environment	59 52

General Disclosures and Key Performance Indicators			
Indicators	Disclosure	Reference	Page
<i>Aspect B6: Product Responsibility</i>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B5 Quality Assurance	57
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B5.1 Product quality and product recall procedures	57
B6.2	Number of products and service related complaints received and how they are dealt with.	B5.2 Customer service and complaint handling	58
B6.3	Description of practices relating to observing and protecting intellectual property rights.	B5.5 Intellectual Property	59
B6.4	Description of quality assurance process and recall procedures.	B5.1 Product quality and product recall procedures	57
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B5.3 Customer data protection and privacy	58
<i>Aspect B7: Anti-corruption</i>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B5.6 Anti-Corruption/ bribery	59
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B5.6 Anti-Corruption/ bribery	59
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B5.6 Anti-Corruption/ bribery	59
B7.3	Description of anti-corruption training provided to directors and staff.	B5.6 Anti-Corruption/ bribery	59

General Disclosures and Key Performance Indicators			
Indicators	Disclosure	Reference	Page
<i>Aspect B8: Community Investment</i>			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B6 Contributions to local communities	60
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B6 Contributions to local communities	60
B8.2	Resources contributed (e.g. money or time) to the focus area.	B6 Contributions to local communities	60

Independent Auditor's Report

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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**TO THE MEMBERS OF
 GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED**

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Golden Resources Development International Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 72 to 156, which comprise the consolidated statement of financial position as at 31st March, 2022, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the 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 31st March, 2022, 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Revenue recognition

Refer to note 5 to the consolidated financial statements.

We have identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of recognition of revenue.

Revenue from operation of convenience stores amounted to approximately HK\$822,819,000 for the year ended 31st March, 2022. Sales of goods are recognised as revenue when goods are delivered and title has passed.

KEY AUDIT MATTERS (Continued)**Revenue recognition (Continued)**

Revenue from sale of rice amounted to approximately HK\$779,218,000 for the year ended 31st March, 2022. Sales of goods are recognised as revenue when goods are delivered and title has passed.

Revenue from sale of packaging materials amounted to approximately HK\$168,700,000 for the year ended 31st March, 2022. Sales of goods are recognised as revenue when goods are delivered and title has passed.

Revenue from investment properties amounted to approximately HK\$3,496,000 for the year ended 31st March, 2022. Rental income under operating lease is recognised on a straight-line method over the relevant lease term.

How our audit addressed the Key Audit Matter

Our procedures in relation to the revenue recognition included:

- Understanding and evaluating the key controls in respect of the revenue recognition;
- Assessing the appropriateness of the Group's revenue recognition accounting policy in line with HKFRSs; and
- Scrutinising sales transactions, sale and purchase contracts and leasing agreements related to revenue to assess the cut-off and reliability of the revenue.

We found that the amount and the timing of the revenue recorded were supported by the available evidence and in accordance with the Group's revenue recognition accounting policy.

Valuation of investment properties

Refer to note 16 to the consolidated financial statements.

We have identified the valuation of investment properties as a key audit matter due to the significant judgements involved in determining the inputs used in the valuation of the fair value of the investment properties.

Management has estimated the fair value of the Group's investment properties to be HK\$168,740,000 as at 31st March, 2022. The valuations are dependent on certain key assumptions that require significant management judgement, including market rents. Independent external valuations were obtained in order to support management's estimates.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's valuation of investment properties included:

- Assessing the methodologies and the appropriateness of the key assumptions used by management and the valuer; and
- Evaluating the competence, capabilities and objectivity of the independent external valuer.

We found the key assumptions were supported by available evidence.

Impairment of right-of-use assets and property, plant and equipment

Refer to notes 13 and 14 to the consolidated financial statements.

KEY AUDIT MATTERS *(Continued)***Impairment of right-of-use assets and property, plant and equipment** *(Continued)*

We have identified the impairment of property, plant and equipment and right-of-use assets as a key audit matter because significant estimation and judgment were involved in determining the recoverable amounts of the relevant convenience store assets.

The Group possessed approximately HK\$206,787,000 and HK\$318,745,000 of property, plant and equipment and right-of-use assets respectively as at 31st March, 2022. The carrying amount of the convenience store assets is written down to its recoverable amount as the asset's carrying amount is greater than its estimated recoverable amount.

Management regards the operation of convenience stores as an identifiable cash-generating unit and monitors their financial performance for the existence of impairment indicators. Given the impact on the performance of the Group's convenience stores as a result of the COVID-19 pandemic, management performed impairment assessments for the operation of convenience stores in Vietnam.

As a result of the impairment assessments, an impairment loss of right-of-use assets and property, plant and equipment of HK\$9,787,000 has been recognised in the consolidated statement of profit or loss for the year. The recoverable amount of the assets of the convenience stores is determined by value-in-use calculations using discounted cash flow projections based on the financial forecasts approved by management. Independent external valuation was obtained in order to support management's estimates.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's assessment of the impairment of property, plant and equipment and right-of-use assets included:

- Assessing if the methodology and impairment model used are in accordance with HKAS 36;
- Assessing the methodologies and the appropriateness of the key assumptions used by management;
- Checking, on a sample basis, the accuracy and relevance of the input data used; and
- Evaluating the competence, capabilities and objectivity of the independent external valuer.

We found the Group's estimates and judgements used in the impairment assessment of property, plant and equipment and right-of-use assets were supported by available evidence.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAAs, we exercise professional judgement 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 disclosure made by the directors.

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

HLM CPA Limited

Certified Public Accountants

Ho Pak Tat

Practising Certificate Number: P05215

Hong Kong, 28th June, 2022

Consolidated Statement of Profit or Loss

For the year ended 31st March, 2022

	Notes	2022 HK\$'000	2021 HK\$'000
REVENUE	5	1,774,233	1,614,360
Cost of sales		(1,136,338)	(1,014,611)
GROSS PROFIT		637,895	599,749
Net unrealized (loss)/gain on financial assets at fair value through profit or loss	19	(3,509)	37,883
Surplus on revaluation of investment properties		7,435	7,480
Net other income	7	49,734	7,460
Selling and distribution costs		(383,113)	(366,485)
Administrative expenses		(242,748)	(195,887)
Interest on lease liabilities	28	(30,447)	(25,282)
PROFIT FROM OPERATIONS		35,247	64,918
Finance costs	8	(83)	–
Share of results of associates		(360)	(611)
Share of results of joint ventures		(580)	(480)
PROFIT BEFORE TAXATION	9	34,224	63,827
Taxation	10	(22,120)	(23,572)
PROFIT FOR THE YEAR		12,104	40,255
Profit for the year attributable to:			
Shareholders of the Company		18,697	40,212
Non-controlling interests		(6,593)	43
		12,104	40,255
EARNINGS PER SHARE	12		
– Basic		HK1.1 cents	HK2.4 cents
– Diluted		HK1.1 cents	HK2.4 cents

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2022

	2022 HK\$'000	2021 HK\$'000
PROFIT FOR THE YEAR	12,104	40,255
OTHER COMPREHENSIVE (LOSS)/INCOME		
Item reclassified to profit or loss:		
Release of exchange reserve upon step acquisition from associates to subsidiaries	(3,260)	—
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(4,210)	5,743
Share of other comprehensive (loss)/income of associates	(76)	594
Other comprehensive (loss)/income for the year, net of tax	(7,546)	6,337
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,558	46,592
Total comprehensive income attributable to:		
Shareholders of the Company	13,060	45,470
Non-controlling interests	(8,502)	1,122
	4,558	46,592

Consolidated Statement of Financial Position

At 31st March, 2022

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	206,787	171,570
Right-of-use assets	14	318,745	260,482
Prepaid lease payments	15	12,775	13,179
Investment properties	16	168,740	166,860
Interests in associates	17	31,022	74,326
Interests in joint ventures	18	11,912	12,292
Financial assets at fair value through profit or loss	19	7,806	17,861
Intangible asset	20	22,505	22,505
Rental and related deposits paid		25,274	27,303
Deposits paid for purchase of properties		12,683	12,683
		818,249	779,061
CURRENT ASSETS			
Inventories	21	185,673	173,134
Trade debtors	22	87,846	48,248
Other debtors, deposits and prepayments	23	47,664	43,241
Financial assets at fair value through profit or loss	19	177,388	177,300
Cash and cash equivalents	24	455,198	462,867
		953,769	904,790
Asset classified as held for sale	25	41,500	—
		995,269	904,790
CURRENT LIABILITIES			
Trade creditors	26	128,725	99,128
Other creditors and accruals	27	125,084	98,178
Lease liabilities	28	114,105	102,731
Tax liabilities		2,351	12,272
		370,265	312,309
NET CURRENT ASSETS		625,004	592,481
TOTAL ASSETS LESS CURRENT LIABILITIES		1,443,253	1,371,542
NON-CURRENT LIABILITIES			
Lease liabilities	28	257,719	190,530
Deferred tax liabilities	29	1,632	1,721
		259,351	192,251
		1,183,902	1,179,291

	Notes	2022 HK\$'000	2021 HK\$'000
CAPITAL AND RESERVES			
Share capital	30	169,741	169,741
Reserves	33	973,676	1,001,008
<hr/>			
Shareholders' equity		1,143,417	1,170,749
Non-controlling interests		40,485	8,542
<hr/>			
		1,183,902	1,179,291
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The consolidated financial statements on pages 72 to 156 were approved and authorised for issue by the Board of Directors on 28th June, 2022 and were signed on its behalf by:

Laurent LAM Kwing Chee
Chairman

Anthony LAM Sai Ho
Vice Chairman and Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2022

	Shareholders' equity							Non-controlling interests	Total	
	Share capital	Share premium	Capital redemption reserve	Property revaluation reserve	Exchange reserve	Dividend reserve	Retained earnings			Total shareholders' equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 31st March, 2020	169,741	453,192	515	5,128	22,941	20,369	492,433	1,164,319	23,070	1,187,389
Profit for the year	—	—	—	—	—	—	40,212	40,212	43	40,255
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	4,664	—	—	4,664	1,079	5,743
Share of other comprehensive income of associates	—	—	—	—	594	—	—	594	—	594
	—	—	—	—	5,258	—	—	5,258	1,079	6,337
Total comprehensive income for the year	—	—	—	—	5,258	—	40,212	45,470	1,122	46,592
Repayment of shareholder loans	—	—	—	—	—	—	—	—	(15,650)	(15,650)
Prior year final dividend paid	—	—	—	—	—	(20,369)	—	(20,369)	—	(20,369)
Interim dividend paid	—	—	—	—	—	—	(18,671)	(18,671)	—	(18,671)
Final dividend proposed for the year ended 31st March, 2021	—	—	—	—	—	20,369	(20,369)	—	—	—
At 31st March, 2021	169,741	453,192	515	5,128	28,199	20,369	493,605	1,170,749	8,542	1,179,291

	Shareholders' equity								Total equity HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000			
At 31st March, 2021	169,741	453,192	—	515	5,128	28,199	20,369	493,605	1,170,749	8,542	1,179,291
Profit/(loss) for the year	—	—	—	—	—	—	—	18,697	18,697	(6,593)	12,104
Other comprehensive loss for the year:											
Release of exchange reserve upon step acquisition from associates to subsidiaries	—	—	—	—	—	(3,260)	—	—	(3,260)	—	(3,260)
Exchange differences on translation of foreign operations	—	—	—	—	—	(2,301)	—	—	(2,301)	(1,909)	(4,210)
Share of other comprehensive loss of associates	—	—	—	—	—	(76)	—	—	(76)	—	(76)
	—	—	—	—	—	(5,637)	—	—	(5,637)	(1,909)	(7,546)
Total comprehensive income/(loss) for the year	—	—	—	—	—	(5,637)	—	18,697	13,060	(8,502)	4,558
Increase in non-controlling interests as a result of deemed acquisition of subsidiaries (Note 43)	—	—	—	—	—	—	—	—	—	42,043	42,043
Transaction with non-controlling interests	—	—	346	—	—	—	—	—	346	(3,349)	(3,003)
Partial disposal of equity interests in subsidiaries	—	—	—	—	—	—	—	—	—	1,751	1,751
Prior year final dividend paid	—	—	—	—	—	—	(20,369)	—	(20,369)	—	(20,369)
Interim dividend paid	—	—	—	—	—	—	—	(20,369)	(20,369)	—	(20,369)
Final dividend proposed for the year ended 31st March, 2022	—	—	—	—	—	—	20,369	(20,369)	—	—	—
At 31st March, 2022	169,741	453,192	346	515	5,128	22,562	20,369	471,564	1,143,417	40,485	1,183,902

Shareholders' equity of the Group represents share capital amounting to approximately HK\$169,741,000 (2021: HK\$169,741,000) and reserves amounting to approximately HK\$973,676,000 (2021: HK\$1,001,008,000).

Consolidated Statement of Cash Flows

For the year ended 31st March, 2022

	Notes	2022 HK\$'000	2021 HK\$'000
OPERATING ACTIVITIES			
Profit before taxation		34,224	63,827
Adjustments for:			
Interest revenue	7	(1,336)	(3,739)
Interest paid		83	—
Interest on lease liabilities	9	30,447	25,282
Interest income from rental deposits	7	(2,716)	(4,216)
COVID-19-related rent concessions	7	(7,858)	(5,076)
Net gain on termination of leases		(1,487)	(320)
Dividend income from listed financial assets at fair value through profit or loss	7	(72)	(1,051)
Depreciation and amortisation of property, plant and equipment	9	53,856	49,094
Depreciation of right-of-use assets	9	111,167	96,759
Amortisation of prepaid lease payments	9	524	516
Net loss on disposal of plant and equipment	9	5,300	2,718
Share of results of associates		360	611
Share of results of joint ventures		580	480
Net impairment loss on right-of-use assets and equipment	7	9,787	39,566
Surplus on revaluation of investment properties	16	(7,435)	(7,480)
Gain on deemed acquisition of subsidiaries arising from remeasurement of fair value of previously held equity interests in associates and deemed acquisition of additional equity interest	7	(24,368)	—
Allowance for expected credit losses	9	207	195
Net realized gain on financial assets at fair value through profit or loss (non-current)		(123)	—
Net unrealized loss/(gain) on financial assets at fair value through profit or loss (non-current)	19	4,304	(1,657)
Operating cash flows before movements in working capital		205,444	255,509
Decrease in financial assets at fair value through profit or loss		56	38,057
Decrease/(increase) in inventories		29,461	(5,195)
(Increase)/decrease in trade debtors		(5,991)	23,893
Decrease in other debtors, deposits and prepayments		4,236	440
Increase in trade creditors		15,421	9,589
(Decrease)/increase in other creditors and accruals		(55,376)	16,682
Cash generated from operations		193,251	338,975
Hong Kong Profits Tax paid		(32,434)	(33,113)
Income tax in other jurisdiction paid		(28)	(36)
Income tax in other jurisdiction refunded		14	—
Hong Kong Profits Tax refunded		—	231
NET CASH GENERATED FROM OPERATING ACTIVITIES		160,803	306,057

	Notes	2022 HK\$'000	2021 HK\$'000
INVESTING ACTIVITIES			
Interest received		1,376	4,001
Dividend income received from listed financial assets at fair value through profit or loss	7	72	1,051
(Increase)/decrease in deposits paid for trade purchases		(3,709)	13,309
Decrease in amounts payable for trade purchases		(189)	(914)
Purchases of property, plant and equipment	13	(62,641)	(36,723)
Purchase of an investment property	16	(35,945)	–
Proceeds from disposal of plant and equipment		3,343	1,054
Purchases of financial assets at fair value through profit or loss		(11,682)	–
Proceeds from disposal of financial assets at fair value through profit or loss		17,616	–
Increase in pledged bank balances		(109)	(44,088)
Net cash inflow on deemed acquisition of subsidiaries	43	82,767	–
Deemed acquisition of additional interest in subsidiaries	45	(3,003)	–
Proceed from partial disposal of subsidiaries		1,751	–
Advances to joint ventures	18	(200)	(12,772)
Repayments from associates		–	88,500
Deposits paid for purchase of properties		–	(6,365)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(10,553)	7,053
FINANCING ACTIVITIES			
Dividends paid	11	(40,738)	(39,040)
Lease payments	28	(120,712)	(108,322)
Interest paid		(83)	–
Repayment of shareholder loans by non-controlling interests		–	(15,650)
NET CASH USED IN FINANCING ACTIVITIES		(161,533)	(163,012)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,283)	150,098
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		416,298	262,558
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		3,505	3,642
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		408,520	416,298
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits, bank balances and cash (including pledged bank balances)	24	455,198	462,867
Less: Pledged cash and cash equivalents		(46,678)	(46,569)
		408,520	416,298

Notes to the Financial Statements

For the year ended 31st March, 2022

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

Items included in the 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 dollar, which is the Company's functional and presentation currency.

The Company acts as an investment holding company and its subsidiaries are engaged in the business of sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice, convenience store operation, packaging materials operation, securities investment, property investment and investment holding.

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

In the current year, the Group has adopted the following new or revised standards and amendments to HKFRSs (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective for the Group's financial year beginning on 1st April, 2021:

HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions beyond 30 June 2021 (Early adopted)

The adoption of the new HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

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

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the consolidated results and the financial position of the Group.

HKFRS (Amendments)	Annual Improvements to HKFRSs 2018-2020 Cycle ¹
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contracts and Related Amendment ²
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
HKAS 8 (Amendments)	Definition of Accounting Estimates ²
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use ¹
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1st January, 2022

² Effective for annual periods beginning on or after 1st January, 2023

³ Effective date to be determined

⁴ Effective for common control combinations that occur on or after beginning of the first annual report period on or after 1st January, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and financial assets at fair value through profit or loss which are measured at fair values as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (“HK(IFRIC)-Int”) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Hong Kong Companies Ordinance (“CO”). A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group’s consolidated financial statements for the current and prior accounting periods.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the valuation of investment properties and financial assets at fair value through profit or loss which are stated at fair value. The measurement basis is fully described in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair Value Measurement

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, leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 or value in use in HKAS 36.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

If the transaction price is fair value at initial recognition and a valuation technique that uses unobservable inputs will be used to measure fair value in subsequent periods, the valuation technique shall be calibrated so that at initial recognition the result of the valuation technique equals the transaction price.

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 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 assets or liabilities, 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 assets or liabilities that are not based on observable market data (unobservable inputs).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group transactions, balances, cash flows, income and expenses have been eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing 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 Shareholders 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-controlling 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 to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 values, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); 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 amount of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed as at the acquisition date. If, after re-assessment, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation 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 values or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group 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 made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for 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 to fair value 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 HKFRS 9, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. 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 those interests 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), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill arising on acquisition represents the excess of the cost of acquisition over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. Such goodwill is carried at cost less any accumulated impairment losses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

For the purpose of impairment testing, goodwill arising from acquisition 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 acquisition.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

To determine whether to recognise revenue, the Group follows a five-step process in accordance with HKFRS 15:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

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 revenue is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

- (i) Sales of goods are recognised as revenue when goods are delivered and title has passed.
- (ii) Rental income under operating leases is recognised on a straight-line basis over the relevant lease terms.
- (iii) Revenue arising on the sale of financial instruments is recognised on a trade-date basis.
- (iv) Dividend income from investments is recognised when the Group's rights to receive payment have been established.
- (v) Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Government grants

Government grants, including non-monetary grants at fair value, are recognised when there is reasonable assurance that (1) the Group will comply with the conditions attaching to them; and (2) the grants will be received.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Interests in associates and joint ventures

Associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates and joint ventures (Continued)

The results and assets and liabilities of associates and joint ventures are incorporated in the Group's financial statements using the equity method of accounting except when the investment, or a portion thereof, is classified as held for sale, in which case it is or the portion so classified is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal obligations or made payments on behalf of that associate or joint venture.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Where a group entity transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture.

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 capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised as expenses in the year in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and amortisation and accumulated impairment loss.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payment cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payment can be made reliably, leasehold interest in land is treated as an operating lease and accounted for as prepaid lease payment.

Depreciation and amortisation are provided to write off the cost of items of property, plant and equipment, over their estimated useful lives, using the straight-line method, at the following rates per annum:

Land and buildings	Over the shorter of the remaining land lease term and 4%
Factory premises in elsewhere in the People's Republic of China (the "PRC")	2% – 5%
Furniture, fixtures and equipment	5% – 33%
Plant and machinery	5% – 33%
Motor vehicles and motor vessel	12% – 33%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

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

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

Prepaid lease payments

The up-front prepayments paid for the leasehold land are stated at cost and charged to the statement of profit or loss on a straight-line basis over the lease term.

Intangible asset (other than goodwill)

Separately acquired intangible asset other than goodwill is measured initially at historical cost or, if acquired in a business combination, at fair value at the acquisition date. An intangible asset with a finite useful life is amortised on a straight-line basis over its useful life, or its remaining useful life upon business combination, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the consolidated statement of profit or loss.

An intangible asset with an indefinite useful life is tested for impairment at least annually or whenever there is an indication that it may be impaired and is carried at cost less accumulated impairment losses, if any.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as a revaluation decrease under that accounting standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that accounting standard.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, determined on direct comparison approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Unrealized gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the year in which they arise.

Asset classified as held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of interests, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade debtors and other debtors arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")), are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest revenue and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest revenue and interest expense are recognised on an effective interest basis for financial asset and financial liability.

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

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

i. Amortised cost and interest revenue

Interest revenue is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest revenue 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. For financial assets that have subsequently become credit-impaired, interest revenue is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest revenue is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

ii. Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest earned on the financial asset.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost which are subject to impairment under HKFRS 9 including trade debtors, advances and other debtors. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, twelve-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

The Group recognises lifetime ECL for trade debtors. The ECL on trade debtors are assessed individually or collectively. For trade debtors relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance. For the remaining balance of trade debtors, the Group determines the allowance for expected credit losses by grouping together trade debtors with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic environment.

For all other financial assets measured at amortised cost, the Group measures the loss allowance equal to twelve-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

i. Significant increase in credit risk

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

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

i. Significant increase in credit risk *(Continued)*

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

ii. Measurement and recognition of ECL

The measurement of ECL is a function of the Probability of Default (PD), Loss Given Default (LGD) (i.e. the magnitude of the loss if there is a default) and exposure at default. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

Where ECL is measured on a collective basis or catered for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis.

- Past-due status; and
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest revenue is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest revenue is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of trade debtors where the corresponding adjustment is recognised through a loss allowance account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

iii. Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade debtors, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9 or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

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

Financial liabilities

Financial liabilities included trade creditors, other creditors and accruals and lease liabilities and are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee is recognised as a liability initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the best estimate of the amount required to settle the guarantee; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation over the guarantee period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family if that person:
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or
- (b) the party is an entity related to the Group where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (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) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average cost method. The cost comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to foreign operations for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollar) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of income or expense that are taxable or deductible in other years and 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Deferred tax is measured 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 rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. 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 is also dealt with in equity.

Retirement benefits costs

Payments to defined contribution retirement benefit plans are charged as expenses as they fall due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is, or contains, a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

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

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

As a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value and subsequently carried at amortised cost. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets. Interest income from the rental deposits is calculated using the effective interest method.

Lease liabilities

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

The lease payments include:

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

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

As a lessee (Continued)

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability 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.

Taxation

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.

As a lessor

When an asset is leased out under an operating lease, the asset is included in the consolidated statement of financial position based on the nature of the asset. Rental income on operating leases is recognised over the term of the lease on a straight-line basis.

Cash and cash equivalents

Cash and cash equivalents as presented in the statement of financial position represent cash on hand, cash and time deposits with banks and other financial institutions, and short-term liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents which have short-term maturity of generally within three months upon acquisition, together with bank overdrafts and bank loans, if any, which are repayable on demand and form an integral part of the Group's cash management, are included as components of cash and cash equivalents as presented in the consolidated statement of cash flows.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires the Management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as the related disclosures. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment loss of intangible asset

The Directors have tested the intangible asset for impairment at the end of the reporting period and concluded that impairment loss is not required.

Allowance for expected credit losses of trade debtors

The Group measures loss allowances for trade debtors at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. The Group determines the allowance for expected credit losses by grouping together trade debtors with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic environment. Allowance for expected credit losses of HK\$180,000 has been provided for the year ended 31st March, 2022 based on the provision matrix (2021: HK\$166,000). The rate of expected credit losses applied for the calculation ranged from 0.16% to 0.68% (2021: 0.20%).

For trade debtors balances which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

The balance of allowance for expected credit losses as at 31st March, 2022 amounted to HK\$346,000 (2021: HK\$756,000), included HK\$346,000 (2021: HK\$166,000) provided under provision matrix for trade debtors. No provision was required (2021: HK\$590,000 provided) for individually credit-impaired trade debtors.

Details of impairment assessment of trade debtors for the year ended 31st March, 2022 are set out in note 41(d).

Estimate of the useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group reviews annually the useful lives of assets and their residual values, if any. The depreciation charges for future periods will be adjusted if there are significant changes from previous estimates.

Fair values of investment properties

At the end of the reporting period, the Group's investment properties were stated at fair value based on the valuation performed by independent chartered surveyors as disclosed in the note on investment properties. In determining the fair values, the surveyors have based on method of valuation which involves certain estimates. In relying on the valuation, Management has exercised their judgements and is satisfied that the method of valuation is reflective of the current market conditions.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

UNCERTAINTY (Continued)

Fair values of financial assets at fair value through profit or loss

The fair values of financial assets that are traded in an active market are determined by the quoted market prices. Under the circumstances where quoted market prices are not available for particular financial assets, the Group assesses the fair values of these financial assets with reference to the quoted values or recent transaction prices provided by counterparty financial institutions. The fair values of unlisted securities have been valued using the market approach based on the Price-to-Sales multiples and discount for lack of marketability. The use of methodologies, models and assumptions in pricing and valuing these financial assets is subjective and requires varying degrees of judgement by Management, which may result in significant deviation in fair values and results.

Estimated impairment loss on inventories

The Management of the Group reviews an aging analysis at the end of each reporting period and identifies obsolete and slow-moving inventory items that are no longer suitable for use in production and sales in convenience stores. The Management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out a review of the inventory on a product-by-product basis at the end of each reporting period and provides impairment on obsolete items, if any.

Estimated impairment loss of right-of-use assets and equipment

The Management of the Group performs impairment test on right-of-use assets and property, plant and equipment where an indication of impairment exists or when annual impairment testing for an asset is required. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or the cash generated units and chooses suitable discount rate in order to calculate the present value of those cash flows. For the financial year ended 31st March, 2022, under the prolonged impact of COVID-19 pandemic which adversely impacted the performance of the Group's convenience store operation in Vietnam, the Group recognised a net impairment loss of HK\$9,787,000 on the convenience store assets, comprising (i) impairment loss of HK\$11,079,000 on right-of-use assets and (ii) reversal of impairment loss of HK\$1,292,000 on equipment respectively.

Details of impairment assessment are disclosed in note 14 to the consolidated financial statements.

5. REVENUE

Revenue represents the net amounts received and receivable for the year (less returns and allowances) for sales from operation of convenience stores, rice and packaging materials sold to outside customers and rental income from investment properties. Sales from operation of convenience stores, rice sales and sales of packaging materials are recognised upon the transfer of goods at a point in time. The revenue is analysed as follows:

	2022	2021
	HK\$'000	HK\$'000
Sales from operation of convenience stores	822,819	829,566
Rice sales	779,218	781,046
Sales of packaging materials	168,700	—
Rental income from investment properties	3,496	3,748
	1,774,233	1,614,360

6. SEGMENT INFORMATION

For management purposes, the Group is currently organised into six operating divisions, namely convenience store operation, rice operation, packaging materials operation, securities investment, property investment and corporate and others. These divisions are the basis on which the Group reports its operating segment information.

Principal activities are as follows:

Convenience store operation	—	operation of convenience stores in Vietnam
Rice operation	—	sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice
Packaging materials operation	—	manufacturing and sale of packaging materials
Securities investment	—	investments in equity and debt securities
Property investment	—	property investment and development
Corporate and others	—	corporate income and expenses and other investments

Segment results represent the profit or loss generated from each segment without allocation of finance costs. This is the measure reported to the chief operating decision maker for the purpose of resources allocation and performance assessment.

6. SEGMENT INFORMATION (Continued)

An analysis of the Group's segment information by operating segments is as follows:

Operating segments

Statement of profit or loss for the year ended 31st March, 2022

	Convenience store operation HK\$'000	Rice operation HK\$'000	Packaging materials operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
REVENUE								
External sales	822,819	779,218	168,700	–	3,496	–	–	1,774,233
Inter-segment sales	–	–	9,333	–	–	–	(9,333)	–
Total sales	822,819	779,218	178,033	–	3,496	–	(9,333)	1,774,233
RESULTS								
Segment results	(104,700)	126,350	6,865	1,410	8,364	(3,042)		35,247
Finance costs	–	–	–	–	–	(83)		(83)
Share of results of associates	–	(280)	–	–	(80)	–		(360)
Share of results of joint ventures	–	–	–	–	(580)	–		(580)
Profit before taxation								34,224
Taxation								(22,120)
Profit for the year								12,104
Profit for the year attributable to:								
Shareholders of the Company								18,697
Non-controlling interests								(6,593)
								12,104

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Segment assets and liabilities as at 31st March, 2022

	Convenience store operation HK\$'000	Rice operation HK\$'000	Packaging materials operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS							
Segment assets	509,560	203,510	161,091	177,388	256,190	462,845	1,770,584
Interests in associates	–	9,972	–	–	21,050	–	31,022
Interests in joint ventures	–	–	–	–	11,912	–	11,912
Consolidated total assets							<u>1,813,518</u>
LIABILITIES							
Segment liabilities	428,066	73,280	123,398	–	889	–	625,633
Unallocated corporate liabilities							<u>3,983</u>
Consolidated total liabilities							<u>629,616</u>

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Other information for the year ended 31st March, 2022

	Convenience store operation HK\$'000	Rice operation HK\$'000	Packaging materials operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Additions to property, plant and equipment	40,654	6,556	15,405	–	26	–	62,641
Additions to right-of-use assets	148,615	–	63,525	–	–	–	212,140
Depreciation and amortisation of property, plant and equipment	(40,438)	(7,058)	(4,498)	–	(1,862)	–	(53,856)
Depreciation of right-of-use assets	(100,438)	(106)	(10,623)	–	–	–	(111,167)
Reversal of impairment loss of equipment	1,292	–	–	–	–	–	1,292
Impairment loss of right-of-use assets	(11,079)	–	–	–	–	–	(11,079)
Amortisation of prepaid lease payments	–	(524)	–	–	–	–	(524)
Surplus on revaluation of investment properties	–	–	–	–	7,435	–	7,435
Net unrealized loss on financial assets at fair value through profit or loss	–	–	–	795	–	(4,304)	(3,509)
Government grants from Anti-Epidemic Fund	–	209	–	–	–	–	209
Allowance for expected credit losses	–	(54)	(153)	–	–	–	(207)
Interest on lease liabilities	(27,620)	(97)	(2,730)	–	–	–	(30,447)

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Statement of profit or loss for the year ended 31st March, 2021

	Convenience store operation HK\$'000	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
REVENUE						
Total sales	829,566	781,046	–	3,748	–	1,614,360
RESULTS						
Segment results	(121,760)	132,210	41,406	10,335	2,727	64,918
Share of results of associates	–	(122)	–	561	(1,050)	(611)
Share of results of joint ventures	–	–	–	(480)	–	(480)
Profit before taxation						63,827
Taxation						(23,572)
Profit for the year						40,255
Profit for the year attributable to:						
Shareholders of the Company						40,212
Non-controlling interests						43
						40,255

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Segment assets and liabilities as at 31st March, 2021

	Convenience store operation HK\$'000	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	527,707	197,058	177,300	231,889	463,279	1,597,233
Interests in associates	–	6,577	–	21,172	46,577	74,326
Interests in joint ventures	–	–	–	12,292	–	12,292
Consolidated total assets						<u>1,683,851</u>
LIABILITIES						
Segment liabilities	419,975	59,366	–	1,010	10,216	490,567
Unallocated corporate liabilities						<u>13,993</u>
Consolidated total liabilities						<u>504,560</u>

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Other information for the year ended 31st March, 2021

	Convenience store operation HK\$'000	Rice operation HK\$'000	Securities investment HK\$'000	Property investment HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Additions to property, plant and equipment	32,522	3,953	–	248	–	36,723
Additions to right-of-use assets	120,458	–	–	–	–	120,458
Depreciation and amortisation of property, plant and equipment	(38,006)	(9,249)	–	(1,839)	–	(49,094)
Depreciation of right-of-use assets	(96,614)	(145)	–	–	–	(96,759)
Impairment loss of equipment	(12,300)	–	–	–	–	(12,300)
Impairment loss of right-of-use assets	(27,266)	–	–	–	–	(27,266)
Amortisation of prepaid lease payments	–	(516)	–	–	–	(516)
Surplus on revaluation of investment properties	–	–	–	7,480	–	7,480
Net unrealized gain on financial assets at fair value through profit or loss	–	–	36,226	1,657	–	37,883
Government grants from Anti-Epidemic Fund	–	11,587	–	–	–	11,587
Allowance for expected credit losses	–	(195)	–	–	–	(195)
Interest on lease liabilities	(25,186)	(96)	–	–	–	(25,282)

6. SEGMENT INFORMATION (Continued)

Geographical segments

The Group's operations are located in Vietnam, Hong Kong, PRC and other regions.

The following table provides an analysis of the Group's sales by location of markets, irrespective of the origin of the goods/services:

	Revenue by geographical markets	
	2022 HK\$'000	2021 HK\$'000
Vietnam	822,819	829,566
Hong Kong	815,930	767,500
PRC and others	135,484	17,294
	1,774,233	1,614,360

The following is an analysis of the carrying amounts of non-current assets other than financial instruments, analysed by the geographical areas in which the assets are located:

	2022 HK\$'000	2021 HK\$'000
Vietnam	417,285	425,484
Hong Kong	258,301	282,561
PRC	88,632	10,116
Others	46,225	43,039
	810,443	761,200

Information about major customers

For the year ended 31st March, 2022, approximately HK\$195,250,000 (2021: HK\$207,825,000) of the Group's revenue was derived from one (2021: one) external customer from rice operation, representing approximately 11% (2021: 13%) of the total revenue. No other single customer contributed 10% or more to the Group's revenue.

7. NET OTHER INCOME

	2022	2021
	HK\$'000	HK\$'000
Interest revenue on:		
– Financial assets at fair value through profit or loss	67	1,458
– Financial assets measured at amortised costs	1,269	2,281
	1,336	3,739
Dividend income from listed financial assets at fair value through profit or loss	72	1,051
Other income from convenience store operation	15,829	16,624
COVID-19-related rent concessions for convenience store operation	7,858	5,076
Net impairment loss of right-of-use assets and equipment	(9,787)	(39,566)
Gain on deemed acquisition of subsidiaries arising from remeasurement of fair value of previously held equity interest in associates and deemed acquisition of additional equity interest	24,368	–
Net realized (loss)/gain on disposal of financial assets at fair value through profit or loss	(410)	2,776
Net foreign exchange gain	8,390	2,393
Government grants from Anti-Epidemic Fund	209	11,587
Interest income from rental deposits	2,716	4,216
Net loss on disposal of plant and equipment	(5,300)	(2,718)
Sundry income	4,453	2,282
	49,734	7,460

8. FINANCE COSTS

	2022	2021
	HK\$'000	HK\$'000
Interest on bank loans	83	–

9. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2022 HK\$'000	2021 HK\$'000
Auditor's remuneration		
Current year	1,602	1,168
Under-provision in prior years	38	98
	1,640	1,266
Depreciation and amortisation of property, plant and equipment	53,856	49,094
Depreciation of right-of-use assets	111,167	96,759
(Reversal of impairment loss)/impairment loss of equipment	(1,292)	12,300
Impairment loss of right-of-use assets	11,079	27,266
Amortisation of prepaid lease payments	524	516
Rental expenses from short-term leases	206	165
Allowance for expected credit losses	207	195
Cost of inventories recognised as expense	1,045,141	971,910
Staff costs, including directors' remuneration	300,600	246,919
Interest on lease liabilities	30,447	25,282
Rental income from investment properties	(3,496)	(3,748)
Less: Outgoings associated with rental income	203	186
	(3,293)	(3,562)
Net loss on disposal of plant and equipment	5,300	2,718

10. TAXATION

	2022	2021
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	22,525	24,199
Others	28	22
	22,553	24,221
(Over-provision)/under-provision in prior years:		
Hong Kong	(286)	40
Others	(14)	—
	(300)	40
Deferred tax (Note 29):		
Current year's credit	(133)	(689)
Taxation attributable to the Company and its subsidiaries	22,120	23,572

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years, except for the first HK\$2,000,000 of a qualified entity's assessable profit which is calculated at 8.25%, in accordance with the two-tiered profits tax rate regime.

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

10. TAXATION (Continued)

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2022 HK\$'000	2021 HK\$'000
Profit before taxation	34,224	63,827
Tax at the domestic income tax rate of 16.5% (2021: 16.5%) (Note)	5,647	10,532
Tax effect of expenses not deductible for tax purpose	7,782	9,034
Tax effect of income not taxable for tax purpose	(7,845)	(4,752)
(Over-provision)/under-provision in respect of prior years	(300)	40
Tax effect of tax losses not recognised	22,178	15,411
Tax effect of utilisation of tax losses not previously recognised	—	(3,969)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(5,262)	(2,622)
Tax effect of share of results of associates and joint ventures	155	180
Others	(235)	(282)
Tax charge for the year	22,120	23,572

Note:

The domestic tax rate in the jurisdiction where the operation of the Group is substantially based is used.

11. DIVIDENDS

(a) Dividends attributable to the year:

	2022 HK\$'000	2021 HK\$'000
Interim dividend paid of HK1.2 cents per share on 1,697,406,458 shares (2021: HK1.1 cents per share on 1,697,406,458 shares)	20,369	18,671
Final dividend proposed of HK1.2 cents per share on 1,697,406,458 shares (2021: HK1.2 cents per share on 1,697,406,458 shares)	20,369	20,369
	40,738	39,040

The final dividend of HK1.2 cents per share for the year ended 31st March, 2022 has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting. This final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

11. DIVIDENDS (Continued)**(b) Dividends approved and paid during the year:**

	2022	2021
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK1.2 cents per share on 1,697,406,458 shares (2021: HK1.2 cents per share on 1,697,406,458 shares)	20,369	20,369
Interim dividend in respect of the current financial year, approved and paid during the year, of HK1.2 cents per share on 1,697,406,458 shares (2021: HK1.1 cents per share on 1,697,406,458 shares)	20,369	18,671
	40,738	39,040

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the shareholders of the Company is based on the following data:

	2022	2021
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share	18,697	40,212

There were no dilutive potential ordinary share for both years.

13. PROPERTY, PLANT AND EQUIPMENT At 31st March, 2022

	Land and buildings HK\$'000	Factory premises in elsewhere in the PRC HK\$'000	Furniture, fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles and motor vessel HK\$'000	Total HK\$'000
COST AND VALUATION						
At 1st April, 2021	102,773	15,390	287,799	103,726	15,429	525,117
Acquisition of subsidiaries (Note 43)	27,183	—	93	3,659	1,123	32,058
Additions	—	—	44,167	17,749	725	62,641
Disposals/written off	—	—	(32,137)	(2,530)	—	(34,667)
Exchange rate adjustments	(363)	626	3,606	1,208	27	5,104
At 31st March, 2022	129,593	16,016	303,528	123,812	17,304	590,253
DEPRECIATION AND AMORTISATION						
At 1st April, 2021	69,761	15,390	153,648	88,769	13,679	341,247
Provided for the year	3,067	—	43,053	5,982	1,754	53,856
Eliminated on disposals/ written off	—	—	(24,289)	(1,735)	—	(26,024)
Exchange rate adjustments	(363)	626	1,971	1,027	19	3,280
At 31st March, 2022	72,465	16,016	174,383	94,043	15,452	372,359
IMPAIRMENT LOSS						
At 1st April, 2021	—	—	12,300	—	—	12,300
Reversal of impairment loss (Note 14)	—	—	(1,292)	—	—	(1,292)
Exchange rate adjustments	—	—	99	—	—	99
At 31st March, 2022	—	—	11,107	—	—	11,107
CARRYING AMOUNT						
At 31st March, 2022	57,128	—	118,038	29,769	1,852	206,787

13. PROPERTY, PLANT AND EQUIPMENT (Continued)
At 31st March, 2021

	Land and buildings HK\$'000	Factory premises in elsewhere in the PRC HK\$'000	Furniture fixtures and equipment HK\$'000	Plant and machinery HK\$'000	Motor vehicles and motor vessel HK\$'000	Total HK\$'000
COST						
At 1st April, 2020	102,773	14,182	267,307	98,767	15,611	498,640
Additions	—	—	33,265	3,458	—	36,723
Disposals/written off	—	—	(13,853)	(300)	(200)	(14,353)
Exchange rate adjustments	—	1,208	1,080	1,801	18	4,107
At 31st March, 2021	102,773	15,390	287,799	103,726	15,429	525,117
DEPRECIATION AND AMORTISATION						
At 1st April, 2020	68,510	14,182	121,577	83,189	11,513	298,971
Provided for the year	1,251	—	41,419	4,079	2,345	49,094
Eliminated on disposals/ written off	—	—	(10,085)	(300)	(196)	(10,581)
Exchange rate adjustments	—	1,208	737	1,801	17	3,763
At 31st March, 2021	69,761	15,390	153,648	88,769	13,679	341,247
IMPAIRMENT LOSS						
At 1st April, 2020	—	—	—	—	—	—
Provided for the year (Note 14)	—	—	12,300	—	—	12,300
At 31st March, 2021	—	—	12,300	—	—	12,300
CARRYING AMOUNT						
At 31st March, 2021	33,012	—	121,851	14,957	1,750	171,570

The carrying amount of properties shown above comprises:

	2022 HK\$'000	2021 HK\$'000
Land and buildings situated in Hong Kong:		
Held under long lease	26,549	27,498
Held under medium-term lease	27,217	2,907
Freehold land and building situated outside Hong Kong	2,520	2,607
Building situated outside Hong Kong:		
Held under medium-term lease	842	—
	57,128	33,012

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year, reversal of impairment loss of HK\$1,292,000 has been recognised to recover the carrying value of equipment under convenience store segment from HK\$110,669,000 (comprising Furniture, fixtures and equipment of HK\$110,529,000 and Motor vehicles and motor vessel of HK\$140,000) to HK\$111,961,000 (comprising Furniture, fixtures and equipment of HK\$111,821,000 and Motor vehicles and motor vessel of HK\$140,000).

Details of impairment assessment are disclosed in note 14 to the consolidated financial statements.

14. RIGHT-OF-USE ASSETS

The carrying amount of the Group's right-of-use assets and the movements during the years are as follows:

Right-of-use on land and buildings

	HK\$'000
Carrying amount at 31st March, 2020	293,786
Additions	120,458
Depreciation	(96,759)
Impairment loss (Note)	(27,266)
Derecognition	(30,642)
Exchange rate adjustments	905
	260,482
Carrying amount at 31st March, 2021	260,482
Acquisition of subsidiaries (Note 43)	4,647
Additions	212,140
Depreciation	(111,167)
Impairment loss (Note)	(11,079)
Derecognition	(41,854)
Exchange rate adjustments	5,576
	318,745
Carrying amount at 31st March, 2022	318,745

Note:

Under the prolonged impact of COVID-19 pandemic which adversely impacted the performance of the Group's convenience store operation in Vietnam, the Group conducted impairment assessment on the carrying values of the Group's convenience store assets ("the convenience store assets") as at 31st March, 2022. An independent qualified professional valuer was engaged to assess the recoverable amounts of the convenience store assets. The recoverable amounts of the assets were determined based on a value-in-use calculation using cash flow projections based on financial forecasts approved by management. Major assumptions were based on the historical data and estimated future growth rate of the Group's convenience store operation in Vietnam.

Based on the result of the impairment assessment, the carrying amounts of the convenience store assets were written down to their recoverable amounts as the assets' carrying amounts were greater than their estimated recoverable amounts. For the convenience store assets with impairment indicators, net impairment loss of HK\$9,787,000 was recognised for the financial year ended 31st March, 2022 to write down the carrying amounts of the convenience store assets to their recoverable amounts, comprising (i) impairment loss of HK\$11,079,000 to write down the carrying value of right-of-use assets under convenience store segment from HK\$268,614,000 to HK\$257,535,000; and (ii) reversal of impairment loss of HK\$1,292,000 to recover the carrying value of equipment under convenience store segment from HK\$110,669,000 to HK\$111,961,000 respectively.

15. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments, classified as non-current assets, represent prepaid operating lease payments in respect of leasehold land.

	2022	2021
	HK\$'000	HK\$'000
Balance at beginning of the year	13,179	13,453
Charge for the year	(524)	(516)
Exchange rate adjustments	120	242
	<hr/>	<hr/>
Balance at end of the year	12,775	13,179

16. INVESTMENT PROPERTIES

	2022	2021
	HK\$'000	HK\$'000
Balance at beginning of the year	166,860	159,380
Addition	35,945	—
Surplus on revaluation	7,435	7,480
Reclassified as asset classified as held for sale (Note 25)	(41,500)	—
	<hr/>	<hr/>
Balance at end of the year	168,740	166,860

All of the Group's investment properties are held for renting out under operating leases. The analysis of the Group's investment properties is as follows:

	2022	2021
	HK\$'000	HK\$'000
Situated in Hong Kong:		
Held under long lease	162,150	161,650
Situated outside Hong Kong:		
Held under medium-term lease	6,590	5,210
	<hr/>	<hr/>
	168,740	166,860

The investment properties were revalued at 31st March, 2022 on an open market value basis by Dudley Surveyors Limited, independent Chartered Surveyors. The revaluation surplus of HK\$7,435,000 (2021: HK\$7,480,000) has been recognised in the consolidated statement of profit or loss for the year ended 31st March, 2022.

Dudley Surveyors Limited is a member of The Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of recent transaction prices for similar properties.

16. INVESTMENT PROPERTIES (Continued)

The fair value was determined based on Direct Comparison Approach assuming sale of the property interest in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Unit rate was based on direct market comparables and has taken into account of factors such as location, time of transaction, floor level, size, layout, orientation, view, age of building, building quality, etc.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the property, the highest and best use of the property is its current use.

The fair value measurements of the investment properties of the Group as at 31st March, 2022 were categorised into Level 2. There were no transfers into or out of Level 2 during the year.

17. INTERESTS IN ASSOCIATES

	2022 HK\$'000	2021 HK\$'000
Unlisted investments:		
Share of net assets (Note a)	20,904	68,106
Deposits paid for trade purchases	10,118	6,409
Amounts payable for trade purchases	—	(189)
	<hr/>	<hr/>
Carrying amounts (Note b)	31,022	74,326

Notes:

- (a) Investments in certain associates were in the form of equity and loans from the Group and other shareholders in accordance with respective percentages of equity shareholding in these associates. Investments in the form of loans were comparatively more significant than those in the form of equity, so that the entire amounts were treated as quasi-capital. Under these circumstances, losses incurred by these associates were shared by the Group to the extent that the losses did not exceed the aggregate of their equity and loan investments. As at 31st March, 2022 and 31st March, 2021, share of losses of associates did not exceed the aggregate of equity and loan investments.
- (b) The Directors consider that the recoverable amounts of interests in associates approximate their carrying amounts as at 31st March, 2022.
- (c) During the year, Supreme Development Company Limited ("Supreme Development") entered into first Share Buy-back transaction of which the Group's percentage of shareholding in Supreme Development increased from approximately 41.16% to 61.75%. Subsequent to the first Supreme Development Share Buy-back transaction, Supreme Development has become non-wholly owned subsidiary of the Group. The Group's equity interest in Supreme Development further increased to 64.08% upon completion of the second Share Buy-back transaction by Supreme Development. Details of the deemed acquisition are set out in note 43 and 45 to the financial statements.

As at 31st March, 2021, the carrying amount of the interest in Supreme Development recognised in the consolidated financial statements as associate of the Group was HK\$46,577,000.

17. INTERESTS IN ASSOCIATES (Continued)

Particulars of the Group's principal associates as at 31st March, 2022 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of ownership interest held by the Group		Principal activities
				2022	2021	
Doublewood Resources Sdn. Bhd.	Incorporated	Malaysia	2 ordinary shares of RM1 each	37.50%	37.50%	Property development and holding
Sirinumma Company Limited	Incorporated	Thailand	4,600,000 ordinary shares of Baht 10 each	40.00%	40.00%	Sourcing of rice
Starland Century Limited	Incorporated	Hong Kong	HK\$1,000	37.50%	37.50%	Investment holding

The Directors are of the opinion that a complete list of the particulars of all associates would be of excessive length and therefore the above list only contains the particulars of those associates which principally affect the results or assets and liabilities of the Group.

The summarised financial information in respect of the Group's associates that are not individually material as at the end of the reporting period is set out below:

	2022	2021
	HK\$'000	HK\$'000
The Group's share of (loss)/profit	(360)	439
The Group's share of other comprehensive (loss)/income	(76)	327
The Group's share of total comprehensive (loss)/income	(436)	766
Aggregate amount of the Group's share of net assets of these associates	20,904	21,340
Deposits paid for trade purchases	10,118	6,409
Carrying amounts	31,022	27,749

18. INTERESTS IN JOINT VENTURES

	2022	2021
	HK\$'000	HK\$'000
Unlisted investments:		
Share of net liabilities (<i>Note a</i>)	(1,060)	(480)
Advances to joint ventures (<i>Note b</i>)	12,972	12,772
	<hr/>	<hr/>
Carrying amounts (<i>Note c</i>)	11,912	12,292

Notes:

- (a) Investments in joint ventures were in the form of equity and loans from the Group and other shareholder in accordance with respective percentages of equity shareholding in the joint ventures. Investments in the form of loans were comparatively more significant than those in the form of equity, so that the entire amounts were treated as quasi-capital. Under these circumstances, losses incurred by the joint ventures were shared by the Group to the extent that the losses did not exceed the aggregate of the equity and loan investments. As at 31st March, 2022 and 31st March, 2021, share of losses of joint ventures did not exceed the aggregate of equity and loan investments.
- (b) The balances of advances to joint ventures were unsecured, interest-free and will not be repayable in the coming twelve months.
- (c) The Directors consider that the recoverable amounts of interests in joint ventures approximate its carrying amounts as at 31st March, 2022.

Particulars of the Group's joint venture as at 31st March, 2022 are as follows:

Name of joint venture	Form of business structure	Place of incorporation/operation	Issued and fully paid up share capital	Proportion of ownership interest held by the Group		Principal activities
				2022	2021	
Winhall Holdings Limited	Incorporated	Hong Kong	HK\$2	50%	50%	Investment holding

Note:

Winhall Holdings Limited has a wholly-owned subsidiary, Earth Limited, which is incorporated in Hong Kong and engaged in the business of property holding in Hong Kong.

The summarised consolidated financial information in respect of the Group's joint ventures is set out below, which represents amounts shown in the joint ventures' consolidated financial statements prepared in accordance with HKFRSs. The joint ventures are accounted for using the equity accounting method in the consolidated financial statements.

18. INTERESTS IN JOINT VENTURES (Continued)**Winhall Holdings Limited**

	2022	2021
	HK\$'000	HK\$'000
Non-current assets	23,768	24,534
Current assets	70	64
Current liabilities	(15)	(15)
Non-current liabilities – advances from shareholders	(25,943)	(25,543)
Revenue	–	–
Loss for the year	(1,160)	(960)
Other comprehensive loss for the year	–	–
Total comprehensive loss for the year	(1,160)	(960)

Reconciliation of the above summarised consolidated financial information to the carrying amounts of the interest in Winhall Holdings Limited recognised in the consolidated financial statements:

	2022	2021
	HK\$'000	HK\$'000
Net liabilities of Winhall Holdings Limited	(2,120)	(960)
Proportion of the Group's ownership interest in Winhall Holdings Limited	50%	50%
The Group's share of net liabilities of Winhall Holdings Limited	(1,060)	(480)
Advances to joint ventures	12,972	12,772
Carrying amounts	11,912	12,292

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022	2021
	HK\$'000	HK\$'000
Equity securities:		
Listed in Hong Kong	–	1,307
Listed outside Hong Kong	12,186	11,805
Unlisted	368	17,861
	12,554	30,973
Other securities:		
Unlisted	172,640	164,188
	185,194	195,161
Analysed as:		
Non-current assets	7,806	17,861
Current assets	177,388	177,300
	185,194	195,161

The fair values of listed equity securities are based on quoted market closing prices available on the relevant exchanges as at the end of the reporting period. The fair values of other unlisted securities are based on quoted values or recent transaction prices provided by counterparty financial institutions, where appropriate. The fair values of Simple Agreement for Future Equity disclosed under other unlisted securities are based on market approach. The significant unobservable inputs include the Price-to-Sales multiples and discount for lack of marketability. The net unrealized loss on financial assets at fair value through profit or loss of HK\$3,509,000 (2021: net unrealized gain on financial assets at fair value through profit or loss of HK\$37,883,000) has been recognised in the consolidated statement of profit or loss, with loss of HK\$4,304,000 (2021: gain of HK\$1,657,000) attributed to non-current assets and gain of HK\$795,000 (2021: HK\$36,226,000) attributed to current assets.

Details of the fair value measurement of the financial assets for the year ended 31st March, 2022 are set out in note 41(f).

20. INTANGIBLE ASSET

	Licence	
	2022	2021
	HK\$'000	HK\$'000
COST		
Balance at 1st April and 31st March	31,600	31,600
AMORTISATION		
Balance at 1st April and 31st March	9,095	9,095
CARRYING AMOUNT		
Balance at 31st March	22,505	22,505

The intangible asset represents the master and franchise licence ("License") granted to a wholly-owned subsidiary of the Company the exclusive right to own and operate Circle K convenience stores in The Socialist Republic of Vietnam ("Vietnam") and is measured initially at fair value upon acquisition of the subsidiaries. The fair value of the License has been arrived at on the basis of a valuation under the income approach carried out on 12th October, 2010 by BMI Appraisals Limited, an independent qualified professional valuer, adopting the Excess Earnings Method.

At the end of the reporting period, the management conducted an impairment assessment on the License. The intangible asset was valued by Peak Vision Appraisals Limited, an independent qualified professional valuer, for the year ended 31st March, 2022. It is predicated on the basis that the value of an intangible asset is the present value of the excess earnings it generates, net of a reasonable return on other assets which also contribute to that stream of earnings. The excess earnings are the amounts of anticipated economic benefits that exceed the required rates of return on the contributory assets, including the non-current assets, the working capital and the workforce assembled, used to generate those anticipated economic benefits. In the valuation, the after-tax required rates of return on the net non-current assets, the net working capital and the workforce assembled of 8.61%, 3.20% and 13.55% respectively were adopted.

The License acquired upon business combination was initially amortised over its remaining useful life of 22 years and 7 months from the date of acquisition of the subsidiary on 12th October, 2010. However, in April 2017, the License was modified that the term shall no longer be for a period of 25 years and shall instead continue indefinitely for an unlimited duration. With unlimited duration, the intangible asset is regarded as having infinite useful life and therefore amortisation would not be necessary with effect from April 2017.

The Directors have tested the intangible asset for impairment at the end of the reporting period and concluded that impairment loss is not required.

21. INVENTORIES

	2022 HK\$'000	2021 HK\$'000
At cost:		
Raw materials	84,089	76,567
Work-in-progress	3,360	—
Finished goods	89,482	87,792
Consumable stores	8,742	8,775
	185,673	173,134

None of the inventories were carried at net realisable value at the end of the reporting period (2021: Nil).

22. TRADE DEBTORS

The Group allows an average credit period of 30-60 days to its trade customers. The following is an aging analysis of trade debtors at the end of the reporting period according to the delivery date:

	2022 HK\$'000	2021 HK\$'000
Within 30 days	34,089	23,372
31-60 days	28,950	13,290
61-90 days	18,006	9,490
Over 90 days	6,801	2,096
	87,846	48,248

The Group assesses the credit status and imposes credit limits for potential new customers in accordance with the Group's credit policy. The credit limits are closely monitored and subject to periodic reviews.

During the year, the Group has made allowance for expected credit losses of approximately HK\$180,000 for the trade debtor balances. Actual bad debt expenses incurred during the year amounted to HK\$27,000.

The movements in allowance for expected credit losses during the years are set out below:

	2022 HK\$'000	2021 HK\$'000
Balance at beginning of the year	756	543
Increase in allowance recognised in consolidated statement of profit or loss	207	195
Amount written off as uncollectible	(617)	(29)
Exchange rate adjustments	—	47
Balance at end of the year	346	756

22. TRADE DEBTORS (Continued)

The Group measures loss allowances for trade debtors at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. The Group determines the allowance for expected credit losses by grouping together trade debtors with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic environment. Allowance for expected credit losses of HK\$180,000 has been provided for the year ended 31st March, 2022 based on the provision matrix (2021: HK\$166,000). The rate of expected credit losses applied for the calculation ranged from 0.16% to 0.68% (2021: 0.20%).

For trade debtors balances which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

The balance of allowance for expected credit losses as at 31st March, 2022 amounted to HK\$346,000 (2021: HK\$756,000), included HK\$346,000 (2021: HK\$166,000) provided under provision matrix for trade debtors. No provision was required (2021: HK\$590,000 provided) for individually credit-impaired trade debtors.

Details of impairment assessment of trade debtors for the year ended 31st March, 2022 are set out in note 41(d).

23. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2022	2021
	HK\$'000	HK\$'000
Deposits and prepayments	11,046	7,927
Advances and other receivables	36,618	31,550
Tax reserve certificates	—	3,764
	47,664	43,241

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Group include bank balances deposited with creditworthy banks and other financial institutions with no recent history of default.

25. ASSET CLASSIFIED AS HELD FOR SALE

During the year, the Group entered into Sale and Purchase Agreement with an independent third party to dispose an investment property in Hong Kong at a consideration of HK\$41,500,000. The investment property was stated at fair value with reference to the agreed selling price as stated in the Sale and Purchase Agreement. Accordingly, the investment property has reclassified as asset classified as held for sale.

26. TRADE CREDITORS

The following is an aging analysis of trade creditors at the end of the reporting period according to the delivery date:

	2022	2021
	HK\$'000	HK\$'000
Within 30 days	116,232	95,350
31-60 days	5,296	2,055
61-90 days	3,321	187
Over 90 days	3,876	1,536
	128,725	99,128

27. OTHER CREDITORS AND ACCRUALS

	2022	2021
	HK\$'000	HK\$'000
Accruals	81,278	63,776
Other payables	41,701	33,568
Deposits received	2,105	834
	125,084	98,178

28. LEASE LIABILITIES

	2022	2021
	HK\$'000	HK\$'000
Lease liabilities payable:		
Within one year	122,185	107,888
Over one year but less than two years	101,434	91,297
Over two years but less than five years	177,150	136,917
Over five years	44,105	13,534
Lease liabilities (undiscounted)	444,874	349,636
Discount amount	(73,050)	(56,375)
	371,824	293,261
Less: Amounts due within one year	(114,105)	(102,731)
Amounts due over one year	257,719	190,530

28. LEASE LIABILITIES (Continued)

The carrying amount of the Group's lease liabilities and the movements during the years are as follows:

	Lease Liabilities HK\$'000	
Carrying amount at 31st March, 2020		300,959
Additions		110,432
Interest expense		25,282
COVID-19-related rent concessions		(5,076)
Lease payments		(108,322)
Derecognition		(30,962)
Exchange rate adjustments		948
		<hr/>
Carrying amount at 31st March, 2021		293,261
Acquisition of subsidiaries (Note 43)		4,647
Additions		209,164
Interest expense		30,447
COVID-19-related rent concessions		(7,858)
Lease payments		(120,712)
Derecognition		(43,341)
Exchange rate adjustments		6,216
		<hr/>
Carrying amount at 31st March, 2022		371,824
		<hr/>
	2022	2021
	HK\$'000	HK\$'000
Analysed as:		
Current	114,105	102,731
Non-current	257,719	190,530
		<hr/>
	371,824	293,261
		<hr/>

The Group recognised rental expenses from short-term leases of approximately HK\$206,000 (2021: HK\$165,000) during the year ended 31st March, 2022.

29. DEFERRED TAX LIABILITIES

The followings are the major deferred tax liabilities recognised and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation HK\$'000
At 31st March, 2020	2,410
Credit to income for the year	(689)
<hr/>	
At 31st March, 2021	1,721
Acquisition of subsidiaries (Note 43)	44
Credit to income for the year	(133)
<hr/>	
At 31st March, 2022	1,632

At the end of the reporting period, the Group has unused tax losses of approximately HK\$5,720,000 (2021: HK\$4,796,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

30. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	HK\$'000
Authorised		
At 1st April, 2020, 31st March, 2021 and 31st March, 2022	3,000,000,000	300,000
<hr/>		
Issued and fully paid		
At 1st April, 2020, 31st March, 2021 and 31st March, 2022	1,697,406,458	169,741

There was no movement in share capital during both years.

31. SHARE OPTIONS

The Company operates a share option scheme (the "Scheme") for the purpose of providing the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time. Participants include the Company's Directors (including the Independent Non-executive Directors), employees of the Company and/or any of its subsidiaries and other persons who, in the sole discretion of the Board of Directors of the Company, have contributed to the Group. The Scheme became effective on 29th August, 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Scheme will expire on 28th August, 2028.

31. SHARE OPTIONS (Continued)

The fair value of the share options was determined using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on the Management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions to the option), and behavioral considerations. Expected volatility was based on the historical share price volatility over the past 1 year.

The variables and assumptions used in computing the fair value of the share options were based on the Management's best estimate. The value of an option varies with different variables of certain subjective assumptions.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Scheme is an amount equivalent to 10% of the shares of the Company in issue at any point in time but excluding shares issued pursuant to the Scheme unless approval for refreshing the 10% limit from the Company's shareholders has been obtained. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period, is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Under the Scheme, share options granted to a Director, Chief Executive or Substantial Shareholder of the Company, or to any of their associates are subject to approval in advance by the Independent Non-executive Directors. In addition, any grant of share options to a Substantial Shareholder or an Independent Non-executive Director of the Company, or to any of their associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK\$5,000,000 is subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options under the Scheme may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determined by the Directors, save that such period shall not be more than 10 years from the date of adoption of the Scheme subject to the provisions for early termination set out in the Scheme. Unless otherwise determined by the Directors at their sole discretion, there is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of share options granted under the Scheme is determined by the Directors, but shall not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

Pursuant to the Scheme, no share option was granted, exercised, lapsed or cancelled during the year or remained outstanding as at 31st March, 2022.

32. FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSET			
Interests in subsidiaries		892,738	891,747
CURRENT ASSETS			
Other debtors, deposits and prepayments		252	214
Cash and cash equivalents		27	488
		279	702
		893,017	892,449
CAPITAL AND RESERVES			
Share capital	30	169,741	169,741
Reserves	33	723,276	722,708
		893,017	892,449

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 28th June, 2022 and was signed on its behalf by:

Laurent LAM Kwing Chee

Chairman

Anthony LAM Sai Ho

Vice Chairman and Chief Executive Officer

33. RESERVES

The Group

The amount of the Group's reserves and the movement therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 76 to 77 of the financial statements.

The Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Dividend reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 31st March, 2020	453,192	216,596	515	20,369	29,744	720,416
Profit for the year	–	–	–	–	41,332	41,332
Prior year final						
dividend paid	–	–	–	(20,369)	–	(20,369)
Interim dividend paid	–	–	–	–	(18,671)	(18,671)
Final dividend proposed						
for the year ended						
31st March, 2021	–	–	–	20,369	(20,369)	–
At 31st March, 2021	453,192	216,596	515	20,369	32,036	722,708
Profit for the year	–	–	–	–	41,306	41,306
Prior year final						
dividend paid	–	–	–	(20,369)	–	(20,369)
Interim dividend paid	–	–	–	–	(20,369)	(20,369)
Final dividend proposed						
for the year ended						
31st March, 2022	–	–	–	20,369	(20,369)	–
At 31st March, 2022	453,192	216,596	515	20,369	32,604	723,276

Notes:

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

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due;
- (b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

33. RESERVES (Continued)**The Company (Continued)**

In the opinion of the Directors, the Company's reserves available for distribution to shareholders were as follows:

	2022	2021
	HK\$'000	HK\$'000
Contributed surplus	216,596	216,596
Dividend reserve	20,369	20,369
Retained earnings	32,604	32,036
	269,569	269,001

The contributed surplus of the Company represented the difference between the nominal value of the Company's shares issued in exchange for the value of net assets of the underlying subsidiaries acquired.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st March, 2022 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of ownership interest held by the Group		Principal activities
			2022	2021	
Affluent Woods Limited	British Virgin Islands	1,500,000 ordinary shares of US\$1 each	85%	100%	Investment holding
Aland Limited	Hong Kong/PRC	HK\$2	100%	100%	Property investment
Beef Bowl Limited	Hong Kong	HK\$200,000	100%	100%	Investment holding
Better Choice Investments Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Better Star Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US\$1	100%	100%	Property investment
Billion Alliance Holdings Limited	Hong Kong	HK\$1	100%	100%	Property holding
Billion Trade Development Limited	Hong Kong	HK\$1	100%	100%	Investment
Citydragon Resources Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Crowntech Management Limited	Hong Kong	HK\$1	100%	100%	Provision of information technology services
Doublewood Holdings Co., Limited	Hong Kong	HK\$100	100%	100%	Investment holding

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of ownership interest held by the Group		Principal activities
			2022	2021	
GR8 Logistics Services Ltd	Vietnam	Charter Capital VND22,926,450,000 Paid up Capital VND22,926,450,000	100%	100%	Provision of logistics services
Golden Fidelity Holdings Limited	Hong Kong	HK\$2	100%	100%	Property holding
Golden Resources Development Limited	Hong Kong	Ordinary shares of HK\$2 and non-voting deferred shares* of HK\$2,000,000	100%	100%	Overseas sourcing, processing, packaging, marketing, sales and distribution of rice (Registered rice stockholder)
Golden Resources Holdings Limited	British Virgin Islands	21,268 ordinary shares of US\$1 each	100%	100%	Investment holding
Golden Resources Rice Industries Limited	British Virgin Islands	1,000 ordinary shares of US\$1 each	100%	100%	Investment holding
Golden Resources Warehouse Limited	Hong Kong	HK\$10,000	100%	100%	Warehouse operation
Goldsom Development Limited	Hong Kong	HK\$100	100%	100%	Investment holding
GR Environmental Development Company Limited	Hong Kong	HK\$3	100%	100%	Provision of logistics services
GR Retail Limited	British Virgin Islands	300,000,000 ordinary shares of HK\$1 each	100%	100%	Investment holding
GR Vietnam International Limited	British Virgin Islands/ Hong Kong	1 ordinary share of US\$1	100%	100%	Investment holding
GR Vietnam International Pte. Ltd	Singapore	US\$1	100%	100%	Investment holding
GS Express Holdings Pte. Ltd.	Singapore	SGD100	85%	100%	Investment holding
Guangzhou Golden Resources Trading Development Co., Ltd.**	PRC	#RMB2,500,000	100%	100%	Marketing, sales and distribution of rice

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of ownership interest held by the Group		Principal activities
			2022	2021	
Kim Nguyen Investment Joint Stock Company	Vietnam	Charter Capital VND9,960,000,000 ordinary share Paid up Capital VND9,960,000,000 ordinary share	100%	–	Investment holding
Kim Phong Services Company Limited	Vietnam	Charter Capital VND250,000,000 Paid up Capital VND250,000,000	100%	100%	Investment holding
Lee Loy Company Limited	Hong Kong	HK\$16,000	100%	100%	Property holding
Magic Path Limited	Hong Kong	HK\$1	100%	100%	Investment
Manfield Limited	Hong Kong	HK\$1	100%	100%	Property holding
Master Tone Limited	Hong Kong	HK\$2	100%	100%	Money lending
Nguyen Long Merchandise Services One Member Limited Liability Company	Vietnam	Charter Capital VND500,000,000 Paid up Capital VND500,000,000	100%	100%	Procurement of goods
Nguyen Phong Services Company Limited	Vietnam	Charter Capital VND250,000,000 Paid up Capital VND250,000,000	100%	100%	Investment holding
Paklink International Limited	British Virgin Islands	1 ordinary share of US\$1	100%	100%	Investment holding
Red Circle Company Limited	Vietnam	Charter Capital VND20,214,500,000 Paid up Capital VND20,214,500,000	100%	100%	Operation of convenience stores
Reo Developments Limited ^{@@}	British Virgin Islands/ Hong Kong	21,451 ordinary shares of US\$1 each	100%	100%	Investment holding

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid up share capital	Proportion of ownership interest held by the Group		Principal activities
			2022	2021	
Shantou SEZ Golden Resources Grain Co., Ltd.**	PRC	#RMB10,300,000	100%	100%	Processing, packaging, marketing, sales and distribution of rice
Shantou SEZ Golden Resources Rice Co., Ltd.##	PRC	#US\$4,579,314	65%	65%	Processing, packaging, marketing, sales and distribution of rice
Skyway Pacific Limited	Hong Kong	HK\$1	100%	100%	Investment holding
Supreme Development Company Limited	Hong Kong/ Hong Kong and PRC	HK\$37,507,500	64.08%	41.16%	Manufacturing and sale of packaging materials
Sun Kai Yip (Shanghai) Industrial Investment Co., Ltd.**	PRC	#US\$10,000,000	100%	100%	Investment and investment holding
Topping Holdings Limited	Hong Kong	HK\$1	100%	100%	Property holding
Tresplain Investments Limited	British Virgin Islands/ Hong Kong	2 ordinary shares of US\$1 each	100%	100%	Trade marks holding
Viet Phong Development Joint Stock Company	Vietnam	Charter Capital VND20,000,000,000 Paid up Capital VND20,000,000,000	100%	—	Investment holding
Yuen Loong & Company Limited	Hong Kong	Ordinary shares of HK\$200 and non-voting deferred shares* of HK\$5,000,000	100%	100%	Importing and re-exporting of rice (Registered rice stockholder)

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

- * The deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the subsidiary or to participate in any distribution on winding-up. The Group has been granted an option by the holders of the deferred shares to acquire these shares at a nominal amount.
- # Paid-up registered capital
- @@ Other than Reo Developments Limited which is directly held by the Company, all other subsidiaries are indirectly held by the Company.
- ## Shantou SEZ Golden Resources Rice Co., Ltd. is a Sino-foreign joint venture.
- ** Shantou SEZ Golden Resources Grain Co., Ltd. is a Sino-foreign cooperative enterprise.
- ^^ Sun Kai Yip (Shanghai) Industrial Investment Co., Ltd. is a Wholly foreign-owned enterprise.
- ^^ Guangzhou Golden Resources Trading Development Co., Ltd. is a Wholly foreign-owned enterprise.

The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the above list only contains the particulars of those subsidiaries which principally affect the results or assets and liabilities of the Group.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

35. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged bank balances of approximately HK\$46.6 million (2021: HK\$46.5 million) and financial assets at fair value through profit or loss of approximately HK\$165.9 million (2021: HK\$164.9 million) to secure general credit facilities granted to subsidiaries. No facilities had been utilised at the end of both reporting periods.

36. BENEFITS AND INTERESTS OF DIRECTORS**(a) Directors' emoluments**

	2022	2021
	HK\$'000	HK\$'000
Fees	400	400
Basic salaries, allowances and benefits in kind	10,609	10,715
Retirement benefits scheme contributions	417	430
Bonus paid	2,797	2,356
	14,223	13,901

Name of director	Fees		Other emoluments		2022 Total HK\$'000	2021 Total HK\$'000
	Basic salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Retirement benefits scheme contributions HK\$'000	Bonus paid HK\$'000		
Executive Director						
Mr. Laurent LAM Kwing Chee	–	3,795	148	895	4,838	4,613
Mr. Anthony LAM Sai Ho	–	3,468	148	895	4,511	4,316
Madam LAM Sai Mann	–	460	18	–	478	478
Ms. Morna YUEN Mai-tong	–	1,317	54	224	1,595	1,542
Mr. TSANG Siu Hung	–	1,569	49	783	2,401	2,552
Non-executive Director						
Mr. Dennis LAM Saihong	100	–	–	–	100	100
Independent Non-executive Director						
Mr. Joseph LAM Yuen To	100	–	–	–	100	100
Mr. Michael YU Tat Chi	100	–	–	–	100	100
Mr. Ronald YAN Mou Keung	100	–	–	–	100	100
2022 Total	400	10,609	417	2,797	14,223	13,901
2021 Total	400	10,715	430	2,356	13,901	

During the year ended 31st March, 2022, no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group (2021: Nil).

(b) Directors' termination benefits

During the year ended 31st March, 2022, there were no termination benefits received by the Directors (2021: Nil).

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

During the year ended 31st March, 2022, no consideration was paid for making available the services of the Directors of the Company (2021: Nil).

36. BENEFITS AND INTERESTS OF DIRECTORS (Continued)**(d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors**

During the year ended 31st March, 2022, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of Directors (2021: Nil).

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

No transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: Nil).

37. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2021: three) Directors, details of whose remunerations are set out in note 36(a) to the consolidated financial statements. The remunerations paid to the five highest paid employees are as follows:

	2022	2021
	HK\$'000	HK\$'000
Basic salaries, allowances and benefits in kind	12,333	12,741
Retirement benefits scheme contributions	484	528
Bonus paid	3,422	2,766
	16,239	16,035

The emoluments of the five highest paid employees were within the following bands:

<i>HK\$</i>	Number of employees	
	2022	2021
1,500,001 – 2,000,000	–	1
2,000,001 – 2,500,000	3	–
2,500,001 – 3,000,000	–	2
4,000,001 – 4,500,000	–	1
4,500,001 – 5,000,000	2	1
	5	5

During the year ended 31st March, 2022, no emoluments were paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2021: Nil).

38. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with the associates and related parties:

	2022	2021
	HK\$'000	HK\$'000
Net amount of trade purchases from and sharing of administrative services on a cost basis with associates (Notes a, b)	80,906	93,180

Notes:

- (a) The trade purchases were carried out in the ordinary course of business and at prices determined by reference to prevailing market price.
- (b) The costs of administrative services were allocated to the parties involved on a cost basis.

Details of balances with associates at the end of the reporting period are set out in note 17.

In addition to the above, the Group also provided guarantees to banks in respect of banking facilities granted to an associate as set out in note 39(c).

On 6th October, 2021, Supreme Development Company Limited ("Supreme Development"), an indirect non-wholly owned subsidiary beneficially owned as to approximately 61.75% by the Company, entered into a Share Buy-back Agreement with Mr. Lau Shiu Yin, a director of Supreme Development and beneficial owner of approximately 23.75% shareholding in Supreme Development, pursuant to which Supreme Development agreed to buy-back 364,000 Supreme Development's shares (representing approximately 3.64% of the total number of issued shares of Supreme Development) from Mr. Lau Shiu Yin at a cash consideration of HK\$3,003,000. Details are disclosed under section headed "Connected Transaction" in the Report of the Directors.

Remuneration for key management personnel

The remuneration of Directors and other members of key management personnel during the year is as follows:

	2022	2021
	HK\$'000	HK\$'000
Short-term employee benefits	18,156	17,856
Post-employment employee benefits	556	599
	18,712	18,455

The remuneration of Directors and key management personnel is determined or proposed by the Remuneration Committee having regard to the performance of individuals and market trends.

39. COMMITMENTS AND CONTINGENT LIABILITIES

At the end of the reporting period, the commitments and contingent liabilities not provided for in the consolidated financial statements are as follows:

(a) Contracted capital commitments

	2022	2021
	HK\$'000	HK\$'000
Acquisition of property, plant and equipment	7,185	6,821
Capital contribution for an investee company	20,400	20,400
	27,585	27,221

In accordance with an agreement entered into between the licensor and a wholly-owned subsidiary of the Company, this subsidiary has to open and operate the minimum number of convenience stores in Vietnam within the specified time frame as stipulated therein.

(b) Operating lease commitments

The Group as lessor

Property rental income earned during the year was approximately HK\$3,496,000 (2021: HK\$3,748,000). The properties rented out have committed tenants within next 5 years.

At the end of the reporting period, the Group had contracted with tenants under the non-cancellable leases for the following future minimum lease payments:

	2022	2021
	HK\$'000	HK\$'000
Within one year	3,006	2,276
In the second year	1,761	693
In the third year	1,228	297
In the fourth year	161	306
In the fifth year	—	155
	6,156	3,727

(c) Contingent liabilities and financial guarantees issued

	2022	2021
	HK\$'000	HK\$'000
Guarantees given in respect of banking facilities made available to:		
— associate	14,887	15,644

39. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**(c) Contingent liabilities and financial guarantees issued (Continued)**

At the end of both reporting periods, the Group's associate had not utilised any of the banking facilities guaranteed by the Company.

At the end of the reporting period, the Directors did not consider it probable that a claim would be made against the Group under any of the guarantees granted by the Group. The Directors consider that the fair values of these financial guarantees of the Group are insignificant and therefore no value has been recognised at the end of both reporting periods.

40. RETIREMENT BENEFITS SCHEMES

	2022	2021
	HK\$'000	HK\$'000
Retirement benefits schemes contributions	25,580	19,293

The Group operates a defined contribution retirement benefits scheme (the "Defined Contribution Scheme") which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Scheme Ordinance in December, 2000. The assets of these schemes are held separately from those of the Group in funds under the control of an independent trustee. Employees who are members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas, all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

Under the ORSO Scheme, the Group and its employees participating in the scheme are each required to make contributions to the scheme at rates specified in the rules. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. Except for voluntary contribution, no forfeited contribution under this scheme is available to reduce the contribution payable in future years.

The retirement benefits schemes contributions arising from the ORSO Scheme and the MPF Scheme charged to the statement of profit or loss represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

40. RETIREMENT BENEFITS SCHEMES (Continued)

The Group participates in a defined contribution plan managed by the Vietnam government whereby the Group is required to make contributions to the plan, representing the employer's portion of social, health and unemployment insurance contributions. The applicable rates of contribution are certain percentage of total contractual salaries. The Group has no obligation for the payment of retirement benefits other than the contributions described above.

At the end of the reporting period, there are no significant forfeited contributions, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contributions payable by the Group in future years.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include financial assets at fair value through profit or loss, trade debtors, advances and other debtors, trade creditors, other creditors and accruals and lease liabilities. Details of these financial instruments are disclosed in 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 closely to ensure appropriate measures are implemented on a timely and effective manner.

(a) Interest rate risk management

The Group's cash flow interest rate risk relates primarily to bank balances. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk. The Group's exposure to cash flow interest risk is minimal.

The Group currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the Management will consider hedging significant interest rate risk exposure should the need arise.

The Group had no outstanding bank loans at the end of both reporting periods.

(b) Currency risk management

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

	Assets		Liabilities	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Vietnamese Dong	129,152	123,015	424,143	417,008
Renminbi	146,567	56,583	179,295	8,219

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(b) Currency risk management (Continued)**

The Group is mainly exposed to the effects of fluctuation in Vietnamese Dong and Renminbi. The following table lists out the Group's sensitivity to a 8% and 5% increase and decrease in Hong Kong dollar against Vietnamese Dong and Renminbi respectively. The above sensitivity rates are used for reporting foreign currency risk internally to key management personnel and represent Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary assets and liabilities. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

	Decrease/increase in equity for the year	
	2022	2021
	HK\$'000	HK\$'000
Impact of Vietnamese Dong	23,599	23,519
Impact of Renminbi	1,636	2,418

(c) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategies remain unchanged from prior year. The capital structure of the Group consists of equity attributable to equity holders of the Company which comprises issued share capital, share premium and reserves.

The Group monitors capital management on the basis of gearing ratio (defined as bank borrowings over shareholders' equity). The Group had bank and cash balances of approximately HK\$455,198,000 (2021: HK\$462,867,000) and no bank borrowings (2021: Nil) at the end of the reporting period.

(d) Credit risk management

The Group's credit risk is primarily attributable to time deposits and bank balances, trade debtors and advances and other debtors. The exposure to the credit risk is closely monitored on an ongoing basis by established credit policies. There is no significant credit risk within the Group.

To mitigate counterparty risk, the Group places time deposits and bank balances with banks of high credit ratings in Hong Kong and sets exposure limits to each single financial institution. Other than concentration of credit risk on amount due from joint ventures and trade debtors, the Group has no other significant concentration of credit risk as relevant exposures are well diversified over a number of counterparties.

As at the end of the reporting period, 22% (2021: 23%) and 48% (2021: 57%) of the total trade debtors balance were due from the group's largest customer and the five largest customers respectively.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Credit risk management (Continued)

The Group measures loss allowances for trade debtors at an amount equal to lifetime expected credit losses, which is calculated using a provision matrix. The Group determines the allowance for expected credit losses by grouping together trade debtors with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic environment. Allowance for expected credit losses of HK\$180,000 has been provided for the year ended 31st March, 2022 based on the provision matrix (2021: HK\$166,000). The rate of expected credit losses applied for the calculation ranged from 0.16% to 0.68% (2021: 0.20%).

For trade debtors balances which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

The balance of allowance for expected credit losses as at 31st March, 2022 amounted to HK\$346,000 (2021: HK\$756,000), included HK\$346,000 (2021: HK\$166,000) provided under provision matrix for trade debtors. No provision was required (2021: HK\$590,000 provided) for individually credit-impaired trade debtors.

The Directors are of the opinion that the expected credit losses on advances and other debtors are not material as they do not have default history and the debtors have strong capacity to meet their contractual cash flow obligations in the near term.

(e) Liquidity risk management

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 monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

As at 31st March, 2022, the Group's net current assets amounted to approximately HK\$625,004,000 (2021: HK\$592,481,000) with current ratio, calculated as current assets divided by current liabilities, at approximately 2.6 times (2021: 2.8 times). Together with bank and cash balances of approximately HK\$455,198,000 (2021: HK\$462,867,000), the Group is in sound financial position to meet the capital requirements of the Group's operations and developments in the near future.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Liquidity risk management (Continued)

At 31st March, 2022

	Weighted average effective interest rate %	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
Trade creditors	–	128,725	–	–	–	128,725	128,725
Other creditors and accruals	–	125,084	–	–	–	125,084	125,084
Lease liabilities	4.7%-10.1%	122,185	101,434	177,150	44,105	444,874	371,824
		375,994	101,434	177,150	44,105	698,683	625,633

At 31st March, 2021

	Weighted average effective interest rate %	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
Trade creditors	–	99,128	–	–	–	99,128	99,128
Other creditors and accruals	–	98,178	–	–	–	98,178	98,178
Lease liabilities	9.4%	107,888	91,297	136,917	13,534	349,636	293,261
		305,194	91,297	136,917	13,534	546,942	490,567

(f) Fair value

The following table provides an analysis of financial instruments that are measured at fair value subsequent to initial recognition, grouped into Level 1 to 3 based on the 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 assets or liabilities, 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 assets or liabilities that are not based on observable market data (unobservable inputs).

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(f) Fair value (Continued)

Financial assets

	At 31st March, 2022			Total HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Financial assets at fair value through profit or loss:				
Listed equity securities	12,186	—	—	12,186
Unlisted equity securities	—	—	368	368
Other unlisted securities	—	165,202	7,438	172,640
	12,186	165,202	7,806	185,194

	At 31st March, 2021			Total HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Financial assets at fair value through profit or loss:				
Listed equity securities	13,112	—	—	13,112
Unlisted equity securities	—	—	17,861	17,861
Other unlisted securities	—	164,188	—	164,188
	13,112	164,188	17,861	195,161

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

The fair values of financial assets are determined as follows:

- The fair values of listed equity securities within Level 1 with standard terms and conditions and traded in active markets are based on quoted market prices at the end of the reporting period without any deduction for transaction costs.
- The fair values of unlisted securities included within Level 2 in financial assets at fair value through profit or loss are based on quoted values or recent transaction prices provided by counterparty financial institutions, where appropriate.
- The fair values of Simple Agreement for Future Equity disclosed under other unlisted securities as included within Level 3 in financial assets at fair value through profit or loss are determined with reference to the valuation reports prepared by Peak Vision Appraisals Limited, an independent professional qualified valuer, on an annual basis based on market approach. The significant unobservable inputs include the Price-to-Sales multiples ranging from 0.63 to 2.17 and discount for lack of marketability of 20%. An increase in Price-to-Sales multiples would result in an increase in the fair value measurement and vice versa, while an increase in discount for lack of marketability would result in a decrease in fair value measurement and vice versa.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**(f) Fair value** (Continued)**Reconciliation of Level 3 fair value measurements**

	2022	2021
	HK\$'000	HK\$'000
Balance at beginning of the year	17,861	16,159
Additions	11,682	173,176
Disposals	(17,493)	(173,176)
Fair value changes of financial assets		
at fair value through profit or loss	(4,304)	1,657
Exchange rate adjustments	60	45
	<hr/>	<hr/>
Balance at end of the year	7,806	17,861

Total fair value loss of financial assets at fair value through profit or loss of HK\$3,509,000 (2021: fair value gain of HK\$37,883,000) has been recognised in the consolidated statement of profit or loss for the year, with loss of HK\$4,304,000 (2021: gain of HK\$1,657,000) attributed to Level 3 financial assets.

(g) Financial instruments price risk management

The Group's financial instruments price risk is primarily attributable to financial assets at fair value through profit or loss which were stated at fair values at the end of the reporting period. The Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

As at 31st March, 2022, carrying values of financial assets at fair value through profit or loss which were stated at fair values amounted to approximately HK\$185,194,000. For sensitivity analysis purpose, a 15% change in the fair values of corresponding financial instruments would result in the changes in results for the year of approximately HK\$27,779,000.

As at 31st March, 2021, carrying values of financial assets at fair value through profit or loss which were stated at fair values amounted to approximately HK\$195,161,000. For sensitivity analysis purpose, a 15% change in the fair values of corresponding financial instruments would result in the changes in results for the year of approximately HK\$29,274,000.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(h) Summary of financial assets and liabilities by category

	2022 HK\$'000	2021 HK\$'000
Financial assets:		
Trade debtors	87,846	48,248
Other debtors	36,618	35,314
Financial assets at fair value through profit or loss	185,194	195,161
Cash and cash equivalents	455,198	462,867
	764,856	741,590
Financial liabilities:		
Trade creditors	128,725	99,128
Other creditors and accruals	125,084	98,178
Lease liabilities	371,824	293,261
	625,633	490,567

As at 31st March, 2022, the balance of financial assets at fair value through profit or loss is measured at fair value and the balances of the remaining financial assets and liabilities are measured at amortised cost.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities HK\$'000
Carrying amount at 31st March, 2020	300,959
Financing cash flows	(108,322)
Non-cash changes:	
Additions	110,432
Interest expense	25,282
COVID-19-related rent concessions	(5,076)
Derecognition	(30,962)
Exchange rate adjustments	948
Carrying amount at 31st March, 2021	293,261
Financing cash flows	(120,712)
Non-cash changes:	
Acquisition of subsidiaries	4,647
Additions	209,164
Interest expense	30,447
COVID-19-related rent concessions	(7,858)
Derecognition	(43,341)
Exchange rate adjustments	6,216
Carrying amount at 31st March, 2022	371,824

43. BUSINESS COMBINATION**Deemed acquisition of equity interest in Supreme Development Company Limited**

On 26th March, 2021, Supreme Development Company Limited ("Supreme Development"), a company beneficially owned as to approximately 41.16% by the Company, entered into Share Buy-back Agreement with Sojitz (Hong Kong) Limited ("SJHK") and Sojitz Pla-Net Corporation ("SPNC"), pursuant to which Supreme Development conditionally agreed to buy-back 3,501,350 Supreme Development's shares and 1,500,150 Supreme Development's shares (representing approximately 23.34% and 10% of the total number of issued shares of Supreme Development respectively) from SJHK and SPNC respectively at a total consideration of HK\$27,505,500 ("the Share Buy-back").

The Share Buy-back transaction is deemed to be an acquisition by the Company as the Group's percentage of shareholding in Supreme Development increased from approximately 41.16% to 61.75% upon completion.

The Share Buy-back of Supreme Development completed on 15th April, 2021. In accordance with Financial Reporting Standards HKFRS 3 "Business Combination", the Group recognized a gain of HK\$24,368,000 in aggregate on deemed acquisition of subsidiaries, arising from remeasurement of fair value of previously held equity interest in Supreme Development of HK\$9,804,000 and deemed acquisition of additional equity interest of HK\$11,304,000 and the release of exchange reserve of HK\$3,260,000.

43. BUSINESS COMBINATION (Continued)

Deemed acquisition of equity interest in Supreme Development Company Limited (Continued)

Prior to the completion, Supreme Development was accounted for in the Group's consolidated financial statements as Interest in Associate by using equity method of accounting. After completion, Supreme Development has become non-wholly owned subsidiary of the Group and its financial results are consolidated into the Group's consolidated financial statements.

Supreme Development is principally engaged in the business of manufacturing and sale of packaging materials.

The fair value of the identifiable assets and liabilities of Supreme Development as at the date of acquisition is as follows:

	Notes	Fair value recognized on acquisition HK\$'000
Property, plant and equipment	13	32,058
Right-of-use assets	14	4,647
Inventories		40,143
Trade debtors		33,363
Other debtors, deposits and prepayments		5,936
Cash and cash equivalents		82,767
Trade creditors		(10,679)
Other creditors and accruals		(73,339)
Lease liabilities	28	(4,647)
Tax liabilities		(288)
Deferred tax liabilities	29	(44)
		<hr/>
Net identifiable assets at fair value		109,917
Non-controlling interests-38.25%		(42,043)
		<hr/>
Net assets acquired-61.75%		67,874
Gain on bargain purchase		(11,304)
		<hr/>
Deemed consideration:		
Fair value of previously held 41.16% equity interest in Supreme Development		56,570
		<hr/>

43. BUSINESS COMBINATION (Continued)**Deemed acquisition of equity interest in Supreme Development Company Limited (Continued)**

The fair values and the gross contractual amounts of the trade debtors and other debtors, deposits and prepayments at the acquisition amounted to HK\$33,363,000 and HK\$5,936,000 respectively.

The Group measured the acquired lease liabilities using the present value of the remaining lease payment at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

An analysis of cash flows in respect of the acquisition of subsidiaries is as follows:

	HK\$'000
Cash consideration*	—
Cash and bank balances acquired	82,767
<hr/>	
Net inflow of cash and cash equivalents included in cash flows from investing activities	82,767

* No cash consideration has been paid by the Group as the transaction is deemed acquisition in nature. The consideration of HK\$27,505,000 for the Share Buy-back was paid by Supreme Development before it became the non-wholly owned subsidiary of the Group.

Since the completion of deemed acquisition, Supreme Development generated revenue of HK\$168,700,000 and incurred net loss of HK\$10,610,000 to the Group for the year ended 31st March, 2022.

Had the combination been completed on 1st April, 2021, the revenue from continuing operations of the Group and the consolidated net profit of the Group for the year ended 31st March, 2022 would have been HK\$1,774,233,000 and HK\$18,697,000, respectively.

44. NON-CONTROLLING INTERESTS

Particulars of the Group's non-wholly owned subsidiary that has material non-controlling interests as at 31st March, 2022 are as follow:

Name of subsidiary	Place of incorporation/ operation	Proportion of ownership interests held by non-controlling interests		Proportion of voting right held by non-controlling interests	
		2022	2021	2022	2021
Supreme Development Company Limited	Hong Kong/Hong Kong and PRC	35.92%	—	35.92%	—

44. NON-CONTROLLING INTERESTS (Continued)

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts after fair value adjustments and before intragroup eliminations.

Supreme Development Company Limited ("Supreme Development")

	2022 HK\$'000
Non-current assets	102,014
Current assets	121,885
Current liabilities	(85,412)
Non-current liabilities	(55,947)
Net assets	82,540
Equity attributable to shareholders of the Company	52,894
Non-controlling interests	29,646
	82,540
Revenue	178,033
Loss for the year	(17,398)
Loss for the year attributable to:	
Shareholders of the Company	(10,867)
Non-controlling interests of Supreme Development	(6,531)
	(17,398)
Other comprehensive loss, net of income tax	
Exchange difference arising on translation of foreign operation:	
Shareholders of the Company	(4,469)
Non-controlling interests of Supreme Development	(2,511)
	(6,980)

44. NON-CONTROLLING INTERESTS (Continued)**Supreme Development Company Limited ("Supreme Development") (Continued)**

	2022 HK\$'000
Total comprehensive loss attributable to:	
Shareholders of the Company	(15,336)
Non-controlling interests of Supreme Development	(9,042)
	<u>(24,378)</u>
Net cash inflow from operating activities	8,563
Net cash outflow from investing activities	(12,336)
Net cash outflow from financing activities	(35,520)
	<u>(39,293)</u>

45. TRANSACTIONS WITH NON-CONTROLLING INTERESTS**Deemed acquisition of additional interests in subsidiaries**

On 6th October, 2021, Supreme Development Company Limited, an indirect non-wholly owned subsidiary beneficially owned as to approximately 61.75% by the Company, entered into a Share Buy-back Agreement with Mr. Lau Shiu Yin, a director of Supreme Development and beneficial owner of approximately 23.75% shareholding in Supreme Development, pursuant to which Supreme Development agreed to buy-back 364,000 Supreme Development's shares (representing approximately 3.64% of the total number of issued shares of Supreme Development) from Mr. Lau Shiu Yin at a cash consideration of HK\$3,003,000 ("the Second Share Buy-back").

The Second Share Buy-back transaction is deemed to be an acquisition of additional interest in subsidiary by the Company as the Group's percentage of shareholding in Supreme Development increased from approximately 61.75% to 64.08% upon completion of the Second Share Buy-back.

At the date of the Second Share Buy-back, the carrying amount of 2.33% non-controlling interests in Supreme Development was HK\$3,349,000. Accordingly, the Group recognised a decrease in non-controlling interests of HK\$3,349,000 and an increase in equity attributable to shareholders of the Company of HK\$346,000.

Schedule of Investment Properties

At 31st March, 2022

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Particulars of investment properties are as follows:

Location	Term	Usage	Percentage held by the Group
Room 1432, 1822, 1823, 1922 and Store Room No. 1 on 18/F Star House, No. 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong	Long lease	Commercial	100%
Unit B, 9/F Gitic Plaza Office Tower A, No. 339 Huanshi Road East, Guangzhou, Guangdong Province, PRC	Medium-term lease	Commercial	100%
4/F., V. Heun Building, No. 138 Queen's Road Central, Hong Kong	Long lease	Commercial	100%
Flat D1, 12A/F Summit Court, Nos. 144-158 Tin Hau Temple Road, Hong Kong and Parking Space No. 72 on Upper Deck Garage Summit Court, No. 77 Cloud View Road, Hong Kong	Long lease	Residential	100%
Flat B, 17/F Palatial Crest, No. 3 Seymour Road, Hong Kong	Long lease	Residential	100%

Group Financial Summary

At 31st March, 2022

	Year ended 31st March,				
	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000
RESULTS					
REVENUE					
Convenience store operation	517,732	684,557	879,581	829,566	822,819
Rice operation	686,658	770,069	852,512	781,046	779,218
Packaging materials operation	—	—	—	—	168,700
Property investment	4,226	3,797	4,347	3,748	3,496
	1,208,616	1,458,423	1,736,440	1,614,360	1,774,233
Profit/(loss) before taxation	76,488	11,778	(2,527)	63,827	34,224
Taxation	(14,041)	(7,492)	(20,020)	(23,572)	(22,120)
Profit/(loss) for the year	62,447	4,286	(22,547)	40,255	12,104
Profit/(loss) for the year attributable to:					
Shareholders of the Company	65,367	4,356	(22,652)	40,212	18,697
Non-controlling interests	(2,920)	(70)	105	43	(6,593)
	62,447	4,286	(22,547)	40,255	12,104
Dividends	40,738	39,040	39,040	39,040	40,738
As at 31st March,					
	2018 HK\$'000	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000
ASSETS AND LIABILITIES					
Total assets	1,427,823	1,407,597	1,683,454	1,683,851	1,813,518
Total liabilities	(127,098)	(149,522)	(496,065)	(504,560)	(629,616)
Non-controlling interests	(9,103)	(8,183)	(23,070)	(8,542)	(40,485)
Shareholders' equity	1,291,622	1,249,892	1,164,319	1,170,749	1,143,417