



GOLDEN
RESOURCES
金源集團

2023
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 and Group Executive Chairman*)

Anthony LAM Sai Ho (*Vice Chairman and Group 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

17/F, Far East Finance Centre

16 Harcourt Road, Admiralty

Hong Kong

HEAD OFFICE

29th Floor, Golden Resources Tower

No. 218 Jaffe Road, Wan Chai

Hong Kong

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

Purpose

Bring Quality Brands to Every Family.

Vision

Be the leader of quality brands and innovator of effective platforms to deliver triple-bottom-line in the markets it operates.

Strategic Mission

Leverage the Group's infrastructure, team power and local expertise to expand its portfolio of quality brands and innovative platforms across territories, either through organic or inorganic growth, to create sustainable Shareholders' value, foster quality lifestyle and greener communities.

MAKE TODAY
GOLDEN
FOR TOMORROW

Chairman's Statement

Dear Shareholders,



On behalf of Golden Resources Development International Limited, I am pleased to share our annual report for the year ended 31st March, 2023.

Despite the still volatile global business environment, financial year 2022-2023 was positive as we reaped the rewards of prudent strategic decisions and sales of our core products and convenience retailing picked up.

With our family business roots, we began our journey to institutionalise management from 2021. I am proud to see positive financial results stemming from these efforts.

As the impact of the global COVID-19 pandemic has receded, I believe we are in a strong position to deliver quality brands and retail services to families across Asia and expand steadily thanks to our key engines of growth.

Circle K Growth

When Vietnam endured challenging pandemic conditions, we turned the down time into an opportunity



to refresh our business. We replaced some store locations with better ones, ensuring a presence in 10 cities and positioning Circle K as Vietnam’s largest international convenience store chain.

We also strengthened staff training to prepare for the future. As conditions normalised, our customer traffic grew and total revenues jumped 46 percent year on year.

I am confident our Convenience Store operations have ample room to grow given the development cycle for convenience stores in Vietnam is in its infancy. Looking ahead, I expect more global partners to leverage our convenience retailing platform (sourcing, importing, storage, packaging, logistics, retail) to tap the vibrant Vietnam market.



Rice Business Innovation

Our Hong Kong rice business grew steadily, with the lifting of social distancing measures boosting sales across Food and Beverages outlets.





As the leading Hong Kong-based packaged rice manufacturer, wholesaler and distributor for over 75 years, we continue to innovate our convenience rice offering. We have diversified geographically with a new development focus on overseas markets that have attracted growing numbers of resident Asian globalists.

New Corporate Headquarters

Following its re-opening, Hong Kong will gradually recover. Our investment in the new Corporate Headquarters, Golden Resources Tower, in Wanchai district not only fulfils the needs of our Pan-Asia business platforms but also underscores our optimism towards Hong Kong as a global business hub.



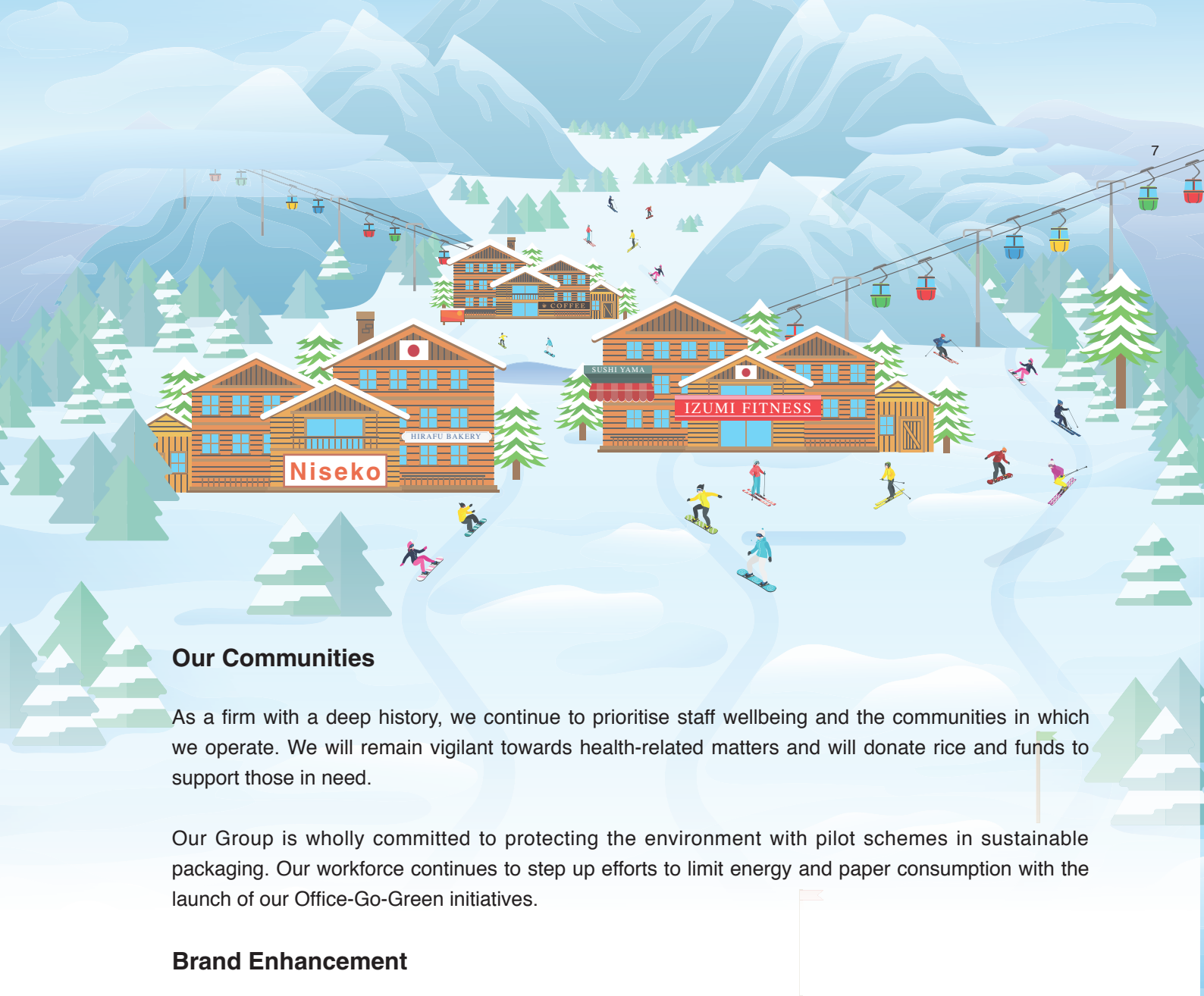
Project in Niseko, Japan

In June 2023, we expanded our footprint by strategically acquiring NI Corporation and its subsidiary Izumikyo Co., Ltd. The acquisition included some 326,000 square meters of land, 80% of which is situated near the heart of Hirafu, where 11 of the acquired properties are located.

Leveraging our fast-moving consumer goods (FMCG), food service supply and retailing operations experience, we plan to transform our stretch of land in Hirafu (one of the four skiing hubs of Niseko United) into a “retailtainment” destination. Visitors will enjoy a better experience as we deliver quality products and services to residents.



With continuous contributions from our Golden Resources food business in Hong Kong and profits generated by Circle K in Vietnam, we have a highly sound financial position, enabling us to fund our Corporate Headquarters and Japan projects through internal resources.



Our Communities

As a firm with a deep history, we continue to prioritise staff wellbeing and the communities in which we operate. We will remain vigilant towards health-related matters and will donate rice and funds to support those in need.

Our Group is wholly committed to protecting the environment with pilot schemes in sustainable packaging. Our workforce continues to step up efforts to limit energy and paper consumption with the launch of our Office-Go-Green initiatives.

Brand Enhancement

Golden Resources Group has stood the test of time in creating quality brands and products available to all. As we continue to innovate to drive expansion, we wanted our corporate brand identity to reflect this dynamic. We decided to rebrand our Group's Chinese name as a testament to our ventures beyond rice and in tandem with our English name Golden Resources Development International Limited.

We also transformed our logo to five grains, signifying all crops and the harvest of the five key grains that nourish people with a healthy and good life. Every initiative we innovate today will lay the foundation for a brighter future as we strive to enrich lives through quality brands and products as in our new corporate tagline 'Make Today Golden For Tomorrow'.

I would like to thank my fellow members of the Board and colleagues for their steadfast commitment to our business and our shareholders and customers for their continued support. I look forward to an exciting future as we diversify our portfolio and geographic reach.

Laurent LAM Kwing Chee

Group Executive Chairman

Hong Kong, 24th July, 2023

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements for the year ended 31st March, 2023.

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 and food products, 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.

ADOPTION OF CHINESE NAME AS SECONDARY NAME AND CHANGE OF CHINESE STOCK SHORT NAME

On 29th November, 2022, the Board proposed to adopt and register the Chinese secondary name “金源發展國際實業有限公司” as the secondary name of the Company (the “Adoption of Chinese Name as Secondary Name”) and in place of the former Chinese name “金源米業國際有限公司”, for identification purposes only. The special resolution regarding the Adoption of Chinese Name as Secondary Name has been passed at the special general meeting held on 31st January, 2023.

Following the Adoption of Chinese Name as Secondary Name becoming effective, the Chinese stock short name of the Company has been changed from “金源米業” to “金源發展國際實業” for trading in the shares on The Stock Exchange of Hong Kong Limited with effect from 31st March, 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded positive growth in revenue and net profit for 2022/2023 financial year, with Group total revenue of HK\$2,059,774,000 and net profit attributable to shareholders of HK\$128,679,000 for the year ended 31st March, 2023. Our convenience store business in Vietnam contributed substantial and continuous growth in revenue and net profit.

Convenience Store Operation

During the year ended 31st March, 2023, our convenience store operation recorded segment profit of HK\$68,178,000. Under series of effective strategies, including the expansion of our retail platform and enhancement of our logistics systems, our convenience store revenue achieved 46% growth in current year and hit a multi-year record high of HK\$1,201,811,000, as compared to revenue of HK\$822,819,000 for last year.

With the improvement in our overall store performance, the Group recorded a gain of HK\$9,189,000 on reversal of prior years' impairment loss on right-of-use assets and equipment. The impairment loss provided for last year was HK\$9,787,000.

Rice Operation

The Group's rice operation in Hong Kong performed steadily for the year under review. We remain agile and responsive to meet the challenges under COVID-19 business environment. Our Business Continuity Measures are effective to secure stable supply of rice and to safeguard the health of our employees. To mitigate the potential credit risk under COVID-19 disruptions, the Group maintains stringent credit control policies with low bad debt ratio amid the global economic downturn. The Group continues to focus on market expansion and product innovation to strike for sustainable growth. Rice operation contributed revenue of HK\$709,018,000 and profit before taxation of HK\$105,607,000 for this financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Packaging Materials Operation

Our packaging materials operation recorded external sales revenue of HK\$144,969,000 for the year. As adversely affected by the prolonged global lockdown and tough business environment under COVID-19 pandemic, the packaging materials operation segment recorded loss before taxation and non-controlling interests of HK\$9,323,000 for the year ended 31st March, 2023.

Liquidity and Financial Resources

The Group's financial position remains sound and healthy with cash balance of HK\$540,227,000 as at 31st March, 2023.

As at 31st March, 2023, the Group's total current assets and total current liabilities amounted to HK\$898,207,000 (2022: HK\$995,269,000) and HK\$369,837,000 (2022: HK\$370,265,000) respectively.

The Group maintains sound liquidity ratio. Current ratio (defined as total current assets over total current liabilities) as at 31st March, 2023 was 2.4 times (2022: 2.6 times). If excluding the current portion of lease liabilities of HK\$117,232,000 (2022: HK\$114,105,000) recognized under HKFRS 16 "Leases", the current ratio was 3.5 times (2022: 3.8 times). As at 31st March, 2023, gearing ratio (defined as bank borrowings over shareholders' equity) was 0.6% (2022: Nil) based on outstanding bank loan of HK\$7,611,000 (2022: Nil) and shareholders' equity of HK\$1,229,235,000 (2022: HK\$1,143,417,000).

With cash and other current assets of HK\$898,207,000 as at 31st March, 2023 as well as available banking facilities, the Group has sufficient financial resources to satisfy its commitments and working capital requirements.

Looking forward, as the impact of COVID-19 pandemic has receded, the Group believes that the global economy will recover at accelerated pace. We have laid solid foundation in our core businesses and will continue to preserve sound and healthy financial position to meet future opportunities and challenges ahead.

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 eight 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 2023 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, 2023, 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.

Report of the Directors

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 Hong Kong Parkinson's Disease Foundation, New Life Psychiatric Rehabilitation Association, Hong Kong Blood Cancer 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.

CHANGES OF DIRECTORS' INFORMATION

Below are the changes of directors' information required to be disclosed pursuant to rule 13.51B(1) of the Rules Governing the Listing of Securities (the "Listing Rules"):

1. Mr. Laurent LAM Kwing Chee was appointed as the Group Executive Chairman of the Company on 18th April, 2023 and he shall continue to serve as the Chairman of the Board and executive director of the Company.
2. Mr. Anthony LAM Sai Ho was redesignated from Chief Executive Officer to Group Chief Executive Officer of the Company on 18th April, 2023 and he shall continue to serve as the Vice Chairman of the Board and executive director of the Company.

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 and Group Executive Chairman*)
 Mr. Anthony LAM Sai Ho (*Vice Chairman and Group 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 84 of the Company's Bye-Laws, Mr. Laurent LAM Kwing Chee, Ms. Morna YUEN Mai-tong and Mr. Michael Yu Tat Chi, 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 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).

Report of the Directors

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, the Chairman and Group Executive Chairman of the Company, played a leading role in diversifying the Group's business. He implemented measures that institutionalised the Group's management practices ensuring sustainable business growth and adaptability. After university, Mr. Lam started his career in manufacturing fibreglass products in the 1970s. After which, he moved on to property development in Hong Kong, Malaysia, and North America. As a forward-thinking person, his first project when he joined Golden Resources in 1982 was office automation. Mr. Lam subsequently became the co-founder of the Golden Resources Group, which was successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 1991. When he became Chairman of the Board in 2016, Mr. Lam drew on his vast cross-territory management experience to revitalise the Group's strategic plan for its rice operation and convenience store operation. He spearheaded Circle K's expansion in Vietnam, transforming the brand into a top market leader for international convenience stores in terms of store numbers and brand awareness. In his ongoing pursuit of the Group's long-term Pan-Asia development, Mr. Lam led an investment project in Hirafu, Niseko, a renowned ski resort area in Japan, to develop a 'retailtainment' destination. Mr. Lam, aged 76, has been an active member of the Rotary Club for over five decades, where he demonstrated his philanthropic ideals by enthusiastically contributing to community welfare while promoting high ethical standards in any job. He has a bachelor's degree in Economics and History from Eastern Illinois University, U.S. Mr. Lam is married with two 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, the Vice Chairman and Group 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 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, aged 56, holds an Executive Master of Business Administration degree from the City University of Hong Kong. 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, the Executive Director of the Company. She has extensive professional experience in operation and management of catering business. Madam Lam, aged 48, 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 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, the Executive Director of the Company. 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, aged 44, 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. 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, the Executive Director of the Company. He joined the Group in 1985. Mr. Tsang has extensive professional experience in finance, accounting and auditing fields. Mr. Tsang, aged 68, 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.

Dennis LAM Saihong, the 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, aged 43, 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 currently a CFA charterholder and a certified Financial Risk Manager (FRM). 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, the Independent Non-executive Director of the Company. He 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. Mr. Lam, aged 57, 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.

Report of the Directors

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

1. Directors *(Continued)*

Michael YU Tat Chi, the Independent Non-executive Director of the Company. He 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, Harbour Digital Asset Capital Limited (a listed company in Hong Kong, stock code: 913) on 17th August, 2020 and WT Group Holdings Limited (a listed company in Hong Kong, stock code: 8422) on 20th September, 2021 respectively. Mr. Yu was an Independent Non-executive Director of EVOG Intelligent Technology Company Limited (a listed company in Hong Kong, stock code: 2308 and was delisted from the Stock Exchange on 28th October, 2022) from 30th May, 2016 to 21st May, 2021. Mr. Yu, aged 58, 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.

Ronald YAN Mou Keung, the Independent Non-executive Director of the Company. He has more than 30 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, aged 68, is the 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 42 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 32 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 42 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 27 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, 2023, 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.

Report of the Directors

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(Continued)*

Long positions *(Continued)*

(b) 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 <i>(Note)</i>

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.

(c) 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 <i>(Note)</i>
Mr. Anthony LAM Sai Ho	Yuen Loong & Company Limited	Interest in controlled corporation	13,000 <i>(Note)</i>

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.

Save as disclosed above, as at 31st March, 2023, 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 32 to the financial statements.

During the year ended 31st March, 2023, 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 32 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, 2023 are set out in notes 35, 17 and 18 to the financial statements respectively.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31st March, 2023 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 65 to 150.

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 HK1.45 cents per share to the shareholders on the Register of Members on Tuesday, 5th September, 2023 amounting to approximately HK\$24,612,000.

SHARE PREMIUM AND RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 34 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 152 of the annual report.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31st March, 2023. The revaluation deficit of HK\$2,670,000 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 31 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st March, 2023, 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\$269,573,000.

Report of the Directors

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 39 to the financial statements.

DISCLOSEABLE TRANSACTIONS

Acquisition of properties

On 30th June, 2022, the Group entered into three preliminary sale and purchase agreements with independent third parties to purchase three properties in Hong Kong at total cash consideration of HK\$159,477,300 ("the Transactions"). The Transactions were completed in October 2022 and fully settled by cash from the Group's internal source of fund.

Details of the acquisition of properties are disclosed in the Discloseable Transaction Announcements of the Company dated 30th June, 2022 and 18th July, 2022 respectively.

Redemption of investment portfolios

In November 2022, Billion Trade Development Limited ("Billion Trade"), an indirect wholly-owned subsidiary of the Company, redeemed its investment in portfolio managed by (1) Goldman Sachs (Asia) L.L.C. ("GS Portfolio") for an aggregate redemption proceeds of approximately HK\$59,790,000 in cash and (2) Morgan Stanley & Co. International plc ("MS Portfolio") for an aggregate redemption proceeds of approximately HK\$55,310,000 in cash. Subsequent to the redemptions, the Group ceased to hold any interests in the GS Portfolio and MS Portfolio.

Details of the redemption of the investment portfolios are disclosed in the Discloseable Transaction Announcement of the Company dated 1st November, 2022.

CONNECTED TRANSACTION

On 6th September, 2022, Radiant Bay Holdings Limited ("Radiant Bay"), an indirect wholly-owned subsidiary of the Company, entered into Shareholders' Agreement with Kamakura Foods Limited ("Kamakura Foods") and Start Wise Investments Limited ("Start Wise") to establish a joint venture to produce and distribute Japanese light meals and snacks in Hong Kong ("JV Company"). The JV Company is incorporated in Hong Kong and is owned, on a fully diluted basis, as to 45.01% by Radiant Bay, as to 29.18% by Kamakura Foods and as to the remaining 25.81% by Start Wise. In connection with the establishment of the JV Company, the JV Shareholders have agreed that initial investment for the JV Company is HK\$10,000,000 and each JV Shareholder has contributed the respective cash and/or non-cash contributions before 31st March, 2023.

Kamakura Foods is a substantial shareholder of a non-wholly owned subsidiary of the Company and Start Wise is indirectly wholly-owned by Yuen Loong International Limited, which is a substantial shareholder of the Company. Accordingly, the formation of JV Company involving Kamakura Foods and Start Wise constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The JV Company is accounted for as an equity investment of the Company and its financial results are consolidated in the Group's financial statements as interests in associate.

Details of the formation of JV Company are disclosed in the Connected Transaction Announcement of the Company dated 6th September, 2022.

EVENT AFTER THE REPORTING PERIOD

On 31st May, 2023, Honorwood Limited (“Honorwood”), an indirect wholly-owned subsidiary of the Company, entered into share purchase agreement with independent third parties, Yoshio Nishimura, Sachiko Nishimura, Urara Nishimura and Ayano Nishimura (“the Vendors”), pursuant to which Honorwood conditionally agreed to acquire, and the Vendors conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the NI Corporation, at the Consideration of JPY3,404,000,000 (equivalent to approximately HKD197,432,000). The Consideration for the acquisition is funded by the Group’s internal resources.

Upon completion, the Company will indirectly hold the entire issued share capital of the NI Corporation and its subsidiary (the “NI Group”).

NI Group is principally engaged in the business of real estate transactions, leasing accommodations, operating restaurants, managing sports facilities and parking lots in Niseko Japan and its surrounding areas through its ownership in the Land and the Properties.

Details of the acquisition of the entire issued share capital of the NI Corporation are disclosed in the Discloseable Transaction Announcement of the Company dated 31st May, 2023.

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, 2023, 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, 2023.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31st March, 2023, the five largest customers of the Group accounted for approximately 19% by value of the Group’s revenue and the five largest suppliers accounted for approximately 32% by value of the Group’s total purchases. Approximately 9% of the Group’s revenue and approximately 11% 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.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS *(Continued)*

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, 2023, 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 <i>(Note 1)</i>	Approximate percentage of the issued share capital of the Company
Yuen Loong International Limited ("Yuen Loong")	548,052,026	32.28% <i>(Note 2)</i>
Chelsey Developments Ltd. ("Chelsey")	252,240,000	14.86% <i>(Note 2)</i>

Notes:

- These shares represent long positions.
- 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. She is also interested in approximately 1% 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. He is also interested in approximately 1% of the issued share capital of each of Yuen Loong and Chelsey. Ms. Morna YUEN Mai-tong, a Director of the Company, is interested in approximately 9% of the issued share capital of each of Yuen Loong and Chelsey.

Save as disclosed above, as at 31st March, 2023, 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, 2023.

Details of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 23 to 35 of this annual report.

NET ASSET VALUE

The net asset value of the Group as at 31st March, 2023 was HK\$0.72 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\$548,000.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees for the Group is about 4,045.

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.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management, having regard to their relevant experience, duties and responsibilities, performance and achievement, and market rate. None of the Directors will determine their own remuneration. Details of the remuneration of the Directors and the five highest paid employees of the Group are set out in notes 37 and 38 to the financial statements.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK1.45 cents per share (2022: HK1.2 cents per share) for the year ended 31st March, 2023 to the shareholders on the Register of Members of the Company at the close of business on Tuesday, 5th September, 2023. Together with the interim dividend of HK1.2 cents per share paid on Friday, 13th January, 2023, the total dividends for the year ended 31st March, 2023 will be HK2.65 cents per share (2022: HK2.4 cents per share).

Subject to the approval of shareholders at the forthcoming annual general meeting to be held on Wednesday, 30th August, 2023, the final dividend will be paid to the shareholders on or about Tuesday, 19th September, 2023.

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 Thursday, 24th August, 2023 to Wednesday, 30th August, 2023, 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 Wednesday, 23rd August, 2023 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, 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Wednesday, 23rd August, 2023.

Report of the Directors

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 Friday, 1st September, 2023. The Company's shares will be traded ex-entitlement on Monday, 4th September, 2023.

The record date for the entitlement to the final dividend is at 4:30 p.m. (Hong Kong time) on Tuesday, 5th September, 2023. 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, 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Tuesday, 5th September, 2023. The final dividend will be paid on or about Tuesday, 19th September, 2023.

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, 2023.

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 Group Chief Executive Officer

Hong Kong, 19th June, 2023

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, 2023.

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, 2023.

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, 2023 and up to the date of this report were:

Executive Directors

Mr. Laurent LAM Kwing Chee (*Chairman and Group Executive Chairman*)
Mr. Anthony LAM Sai Ho (*Vice Chairman and Group 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 and Group Executive Chairman of the Company, is the uncle of Mr. Anthony LAM Sai Ho, Vice Chairman and Group 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 12 to 14 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.

Corporate Governance Report

THE BOARD *(Continued)*

During the year ended 31st March, 2023, 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 Group Chief Executive Officer and the senior management.

The Board held four regular board meetings at approximately quarterly interval during the year ended 31st March, 2023. 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.

The Board has established following mechanisms to ensure independent views and input are available to the Board and the implementation and effectiveness of such mechanisms will be reviewed annually by the Board.

- Three out of the nine Directors are Independent Non-executive Directors, which fulfill the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors.
- The majority of the members of each board committee are Independent Non-executive Directors.
- The Nomination Committee will assess the independence of a candidate for a new independent non-executive director's appointment and also the continued independence of existing Independent Non-executive Directors on an annual basis.

THE BOARD (Continued)

- All Independent Non-executive Directors have access to information from the company secretary and employees of the Company, as well as access to external independent professionals.
- The chairman of the Board meets at least once a year with the Independent Non-executive Directors without the presence of other Directors.

During the year ended 31st March, 2023, none of the Directors of the Company has appointed any alternate to attend any board, committee and general meetings.

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 and Group Executive Chairman</i>)	4/4	2/2
Mr. Anthony LAM Sai Ho (<i>Vice Chairman and Group Chief Executive Officer</i>)	4/4	2/2
Madam LAM Sai Mann	4/4	2/2
Ms. Morna YUEN Mai-tong	4/4	2/2
Mr. TSANG Siu Hung	4/4	2/2
Non-executive Director		
Mr. Dennis LAM Saihong	4/4	2/2
Independent Non-executive Directors		
Mr. Joseph LAM Yuen To	4/4	2/2
Mr. Michael YU Tat Chi	4/4	2/2
Mr. Ronald YAN Mou Keung	4/4	2/2

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.

Corporate Governance Report

BOARD COMMITTEES

During the year ended 31st March, 2023, 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.

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 E.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, 2023 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;
- 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; and
- To review and/or approve matters relating to share schemes under chapter 17 of the Listing Rules.

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

The Remuneration Committee held one meeting during the year ended 31st March, 2023. 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, 2023, the summary of work performed by the Remuneration Committee was as follows:

- reviewed the remuneration policy for 2022/2023;
- 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, 2023 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. For details of the gender ratio in the Company's workforce as at 31st March, 2023 are set out in the Environmental, Social and Governance Report on pages 36 to 59 of this annual report.

Corporate Governance Report

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, 2023. 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, 2023, 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, 2023 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.

Corporate Governance Report

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

The Audit Committee held two meetings during the year ended 31st March, 2023. 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, 2023, the summary of work performed by the Audit Committee was as follows:

- review of the financial statement for the year ended 31st March, 2022 and for the six months ended 30th September, 2022;
- 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, 2023. 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 and Group Executive Chairman</i>)	1/1
Mr. Anthony LAM Sai Ho (<i>Vice Chairman and Group 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, 2023, 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 2022/2023;
- 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 2022/2023.

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, 2023, 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, 2023, the total audit fee of the Group amounted to approximately HK\$1,609,000. Non-audit service fee for the year amounted to approximately HK\$10,000.

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.

Corporate Governance Report

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 60 to 64 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.

WHISTLEBLOWING POLICY

In compliance with code provision D.2.6 of the Code, the Board established a Whistleblowing Policy and it provides employees and the relevant third parties who deal with the Group (e.g. customers, suppliers, creditors and debtors) with guidance and reporting channels on reporting any suspected improprieties in any matters related to the Group directly addressed to the designated person as well as Head of People Management Department. All reported matters will be investigated independently and, in the meantime, all information received from a whistleblower and its identity will be kept confidential. The Board and the Audit Committee will regularly review the Whistleblowing Policy and mechanism to improve its effectiveness.

ANTI-CORRUPTION POLICY

In compliance with code provision D.2.7 of the Code, the Board established an Anti-Corruption Policy and it outlines guidelines and the minimum standards of conducts, all applicable laws and regulations in relation to the anti-corruption and anti-bribery, the responsibilities of employees to resist fraud, to help the Group defend against corrupt practices and to report any reasonably suspected case of fraud and corruption or any attempts thereof, to the management or through an appropriate reporting channel. The Group would not tolerate all forms of fraud and corruption among all employees and those acting in an agency or fiduciary capacity on behalf of the Group, and in its business dealing with third parties. The Board will review the Anti-Corruption Policy and mechanism periodically to ensure its effectiveness and enforce the commitment of the Group to the prevention, deterrence, detection and investigation of all forms of fraud and corruption.

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.

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.

Corporate Governance Report

SHAREHOLDERS' RIGHTS *(Continued)*

(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.

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 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.

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.

CHANGE IN CONSTITUTIONAL DOCUMENTS

In view of certain amendments to the Listing Rules and the applicable laws of Bermuda, the Company has adopted the amended and restated bye-laws of the Company by special resolution passed on 30th August, 2022. Saved as disclosed, there was no change in the bye-laws of the Company during the year ended 31st March, 2023.

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, 2022 to 31st March, 2023. 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 STRATEGIC MISSION

The Group’s vision is to be the leader of quality brands and innovator of effective platforms to deliver triple-bottom-line in the markets it operates.

The Group’s strategic mission is to leverage the Group’s infrastructure, team power and local expertise to expand its portfolio of quality brands and innovative platforms across territories, either through organic or inorganic growth, to create sustainable Shareholders’ value, foster quality lifestyle and greener communities.

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

Environmental, Social and Governance Report

Stakeholder Groups

Investor/Shareholder/Analyst

Supplier/Contractor/Service provider

Government

Industry association

Engagement Channels

Annual General Meeting
Investor Relation Website
Press Release and Announcements
Annual and Interim Report

Business Meetings
Email and Phone Correspondence

Email and Phone Communications
Corporate Annual Return

Association Meeting
Complaints Filing
Voting

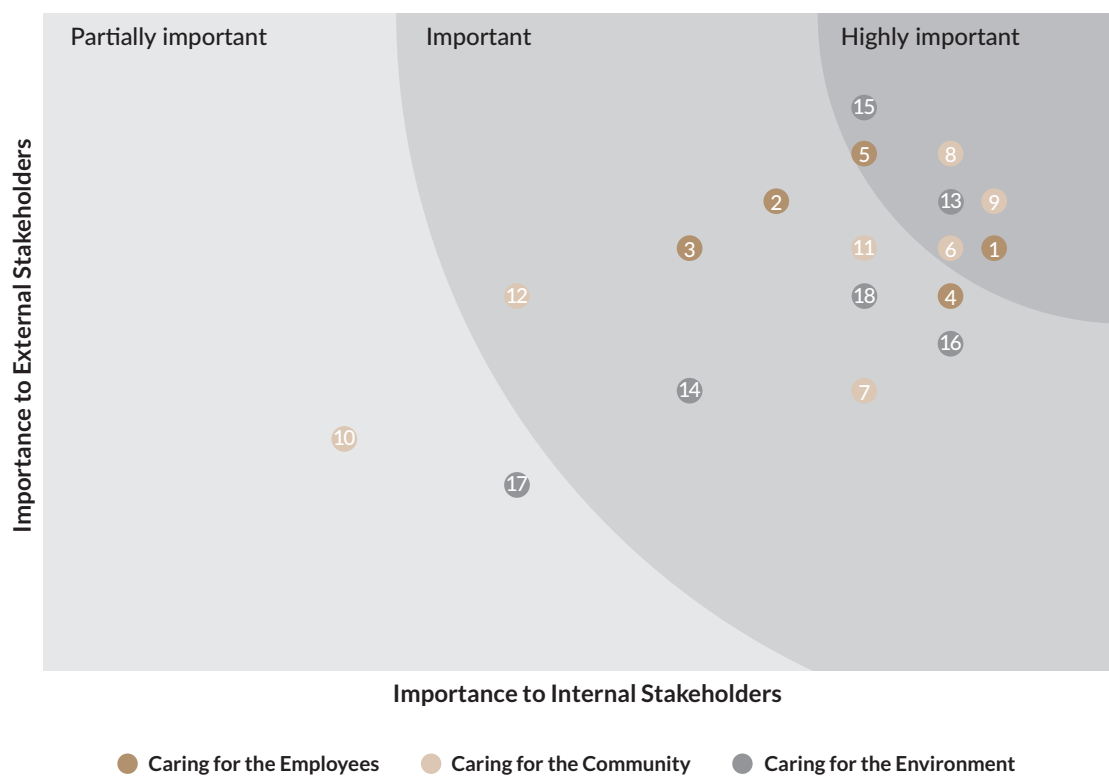
MATERIALITY ASSESSMENT

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.

<p>1 Identification of issues</p> <p>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</p>
<p>2 Stakeholders Questionnaire</p> <p>Understand and evaluate the significant matters to stakeholders through questionnaires and interviews</p>
<p>3 Materiality Ranking</p> <p>Prepare an ESG materiality ranking based on the findings</p>
<p>4 Verification</p> <p>Confirm the material issues after review and evaluation by the ESG Working Group with the support of external consultant(s) when needed</p>

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	

Environmental, Social and Governance Report

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 and convenience store operations:

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.

A1.1 Non-hazardous wastes

Type of waste (in tonne)	2023	2022
<i>Rice operation</i>		
Copy paper	3.87	3.63
Woven bags	188.36	201.34
<hr/>		
Total	192.23	204.97
Total non-hazardous waste intensity (kg/tonne of production)	2.84	2.84
<hr/>		
<i>Convenience store operation</i>		
Copy paper	12.86	12.33
Paper for packaging	35.90	13.00
<hr/>		
Total	48.76	25.33
Total non-hazardous waste intensity (kg/square meters of gross floor area)	0.72	0.37
<hr/>		

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.

Environmental, Social and Governance Report

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)	2023	2022
<i>Rice operation</i>		
Consumption	2,465.00	2,556.00
Consumption Intensity (m ³ /tonne of production)	0.0365	0.0354
<i>Convenience store operation</i>		
Consumption	155,385	74,980
Consumption Intensity (kg/square meter of gross floor area)	2,233.35	1,105.29

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	2023 Consumption Volume	2022 Consumption Volume
<i>Rice operation</i>		
Liquefied petroleum gas (in liter)	17,846	20,580
Intensity (liter/tonne of production)	0.26	0.29
Lead-free gasoline (in liter)	33,249	41,128
Intensity (liter/tonne of production)	0.49	0.57
Diesel (in liter)	3,056	3,056
Intensity (liter/tonne of production)	0.045	0.042
Purchased electricity (in kilowatt-hour)	4,470,669	4,489,705
Intensity (kilowatt-hour/tonne of production)	66.11	62.27
<i>Convenience store operation</i>		
Lead-free gasoline (in liter)	7,665	3,990
Intensity (liter/square meter of gross floor area)	0.110	0.059
Purchased electricity (in kilowatt-hour)	39,969,380	21,367,809
Intensity (kilowatt-hour/square meter of gross floor area)	574.48	315.29

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

Environmental, Social and Governance Report

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	2023 Emissions*	2022 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	126.14	151.63
Scope 2 indirect emission	Electricity	1,750.75	1,758.21
Total		1,876.89	1,909.84
Total GHG Intensity (tonnes of CO ₂ e/tonne of production)		0.0278	0.0252
<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	20.39	10.61
Scope 2 indirect emission	Electricity	32,139.38	17,181.86
Total		32,159.77	17,192.47
Total GHG Intensity (tonnes of CO ₂ e/square meters of gross floor area)		0.462	0.254

* 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)	2023	2022
<i>Rice operation</i>		
Papers	46.70	49.01
Plastic bags	486.11	562.75
Packaging materials	38.67	38.47
<i>Convenience store operation</i>		
Papers	9.70	56.02
Plastic bags	359.60	68.43
Plastic wrap	0.00	8.00

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.

Environmental, Social and Governance Report

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

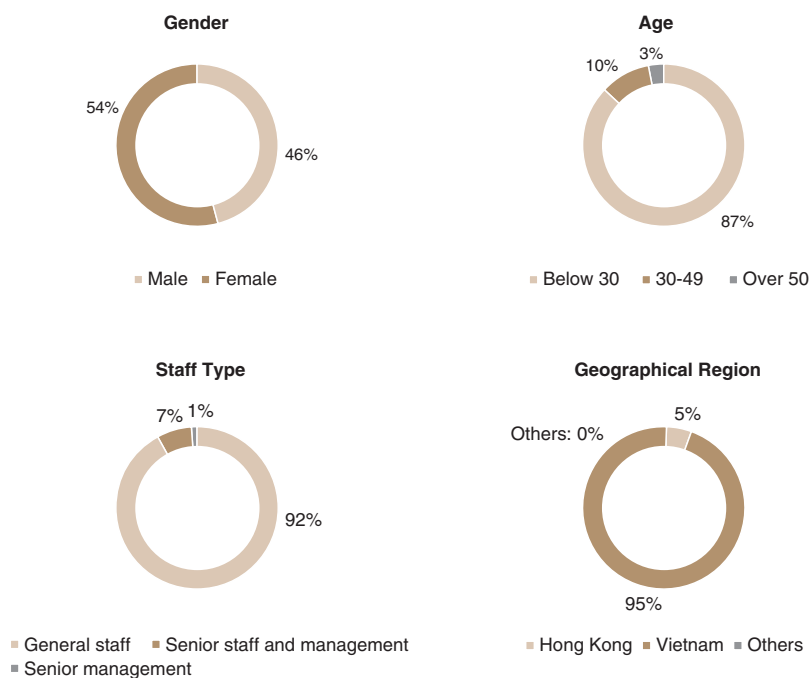
The Group appreciates its employees for their hard work and contribution, and therefore demonstrates ongoing care for its employees, advocates work-life balance, and organizes various activities, aiming to improve their sense of belonging and well-being.

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.

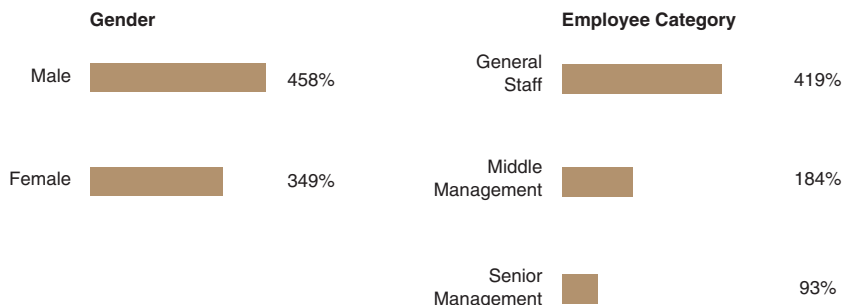
The Group has been awarded the Good MPF Employer for more than 7 years and is presented with a MPF Support Award by the Mandatory Provident Fund Schemes Authority.

Total Workforce



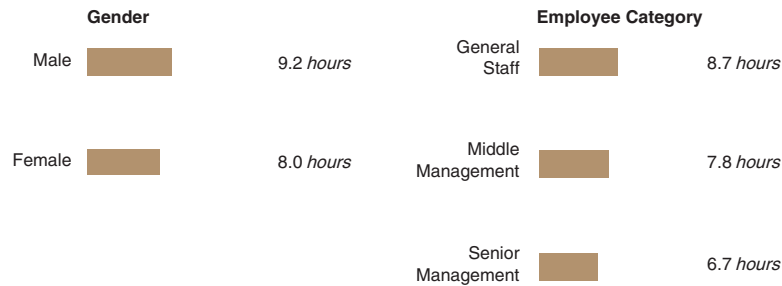
B2 Talent development and training

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.



Environmental, Social and Governance Report

Details of average training hours² are shown below. During the reporting period, a total of 19,564 employees were trained.^{3,4}



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 9,570, amongst which 5,352 were male and 4,218 were female. 9,323 were below 30 years old, 202 were within the age range of 30-49 years old, whilst 45 were over 50 years old. Among the resigned staff, 61 were from Hong Kong whilst 9,509 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.

² 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.

³ 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.

⁴ 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 176.5 lost days due to work injury. There has been no case of work-related fatality in the past 2 years and recorded one case of work-related fatality in the reporting period. 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.

Environmental, Social and Governance Report

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, 2023, there were a total of 4,902 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 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.

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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, 2023, 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. 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 Hong Kong Parkinson's Disease Foundation, New Life Psychiatric Rehabilitation Association, Hong Kong Blood Cancer 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. 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 and New Life Psychiatric Rehabilitation Association during the reporting period.

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Independent Auditor's Report

恒健會計師行有限公司
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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 65 to 150, which comprise the consolidated statement of financial position as at 31st March, 2023, 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, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional 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\$1,201,811,000 for the year ended 31st March, 2023. 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\$709,018,000 for the year ended 31st March, 2023. 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\$144,969,000 for the year ended 31st March, 2023. Sales of goods are recognised as revenue when goods are delivered and title has passed.

Revenue from investment properties amounted to approximately HK\$3,794,000 for the year ended 31st March, 2023. 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 of the Group;
- 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 approximately HK\$166,070,000 as at 31st March, 2023. The valuations are dependent on certain key assumptions that require significant management's 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:

- Challenging 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.

Independent Auditor's Report

KEY AUDIT MATTERS *(Continued)*

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

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

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

The Group possessed approximately HK\$373,080,000 and approximately HK\$337,026,000 of property, plant and equipment and right-of-use assets respectively as at 31st March, 2023. The carrying amount of the convenience store assets is written down to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount. 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.

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 an impairment assessment for the operation of convenience stores in Vietnam.

As a result of the impairment assessment, a net reversal of impairment loss of right-of-use assets and property, plant and equipment in a total of approximately HK\$9,189,000 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 in the valuation; 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.

Independent Auditor's Report

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

Wong Kam Hing

Practising Certificate Number: P05697

Hong Kong, 19th June, 2023

Consolidated Statement of Profit or Loss

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For the year ended 31st March, 2023

	Notes	2023 HK\$'000	2022 HK\$'000
REVENUE	5	2,059,774	1,774,233
Cost of sales		(1,271,869)	(1,136,338)
GROSS PROFIT		787,905	637,895
Net unrealized loss on financial assets at fair value through profit or loss	19	(805)	(3,509)
(Deficit)/surplus on revaluation of investment properties		(2,670)	7,435
Net other income	7	18,333	49,734
Selling and distribution costs		(403,189)	(383,113)
Administrative expenses		(223,578)	(242,748)
Interest on lease liabilities	28	(31,150)	(30,447)
PROFIT FROM OPERATIONS		144,846	35,247
Finance costs	8	(858)	(83)
Share of results of associates		(222)	(360)
Share of results of joint ventures		(522)	(580)
PROFIT BEFORE TAXATION	9	143,244	34,224
Taxation	10	(18,199)	(22,120)
PROFIT FOR THE YEAR		125,045	12,104
Profit for the year attributable to:			
Shareholders of the Company		128,679	18,697
Non-controlling interests		(3,634)	(6,593)
		125,045	12,104
EARNINGS PER SHARE	12		
— Basic		HK7.6 cents	HK1.1 cents
— Diluted		HK7.6 cents	HK1.1 cents

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2023

	2023 HK\$'000	2022 HK\$'000
PROFIT FOR THE YEAR	125,045	12,104
OTHER COMPREHENSIVE LOSS		
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	(2,173)	(4,210)
Share of other comprehensive loss of associates	(311)	(76)
Other comprehensive loss for the year, net of tax	(2,484)	(7,546)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	122,561	4,558
Total comprehensive income attributable to:		
Shareholders of the Company	126,556	13,060
Non-controlling interests	(3,995)	(8,502)
	122,561	4,558

Consolidated Statement of Financial Position

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At 31st March, 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	373,080	206,787
Right-of-use assets	14	337,026	318,745
Prepaid lease payments	15	12,042	12,775
Investment properties	16	166,070	168,740
Interests in associates	17	34,990	31,022
Interests in joint ventures	18	11,497	11,912
Financial assets at fair value through profit or loss	19	7,504	7,806
Intangible assets	20	26,749	22,505
Rental and related deposits paid		26,513	25,274
Deposits paid for purchase of properties		—	12,683
		995,471	818,249
CURRENT ASSETS			
Inventories	21	196,656	185,673
Trade debtors	22	65,436	87,846
Other debtors, deposits and prepayments	23	85,483	47,664
Financial assets at fair value through profit or loss	19	9,382	177,388
Tax recoverable		1,023	—
Cash and bank balances	24	540,227	455,198
		898,207	953,769
Asset classified as held for sale	25	—	41,500
		898,207	995,269
CURRENT LIABILITIES			
Trade creditors	26	119,257	128,725
Other creditors and accruals	27	130,052	125,084
Lease liabilities	28	117,232	114,105
Bank loan	29	3,296	—
Tax liabilities		—	2,351
		369,837	370,265
NET CURRENT ASSETS		528,370	625,004
TOTAL ASSETS LESS CURRENT LIABILITIES		1,523,841	1,443,253
NON-CURRENT LIABILITIES			
Lease liabilities	28	252,436	257,719
Bank loan	29	4,315	—
Deferred tax liabilities	30	1,365	1,632
		258,116	259,351
		1,265,725	1,183,902

Consolidated Statement of Financial Position

At 31st March, 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital	31	169,741	169,741
Reserves	34	1,059,494	973,676
<hr/>			
Shareholders' equity		1,229,235	1,143,417
Non-controlling interests		36,490	40,485
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		1,265,725	1,183,902
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The consolidated financial statements on pages 65 to 150 were approved and authorised for issue by the Board of Directors on 19th June, 2023 and were signed on its behalf by:

Laurent LAM Kwing Chee

Chairman and Group Executive Chairman

Anthony LAM Sai Ho

Vice Chairman and Group Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2023

	Shareholders' equity							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	Total shareholders' equity 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	—	—	—	—	—	—	—	—	—	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

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2023

	Shareholders' equity							Total shareholders' 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			
At 31st March, 2022	169,741	453,192	346	515	5,128	22,562	20,369	471,564	40,485	1,183,902
Profit/(loss) for the year	—	—	—	—	—	—	—	128,679	(3,634)	125,045
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	(1,812)	—	—	(361)	(2,173)
Share of other comprehensive loss of associates	—	—	—	—	—	(311)	—	—	—	(311)
	—	—	—	—	—	(2,123)	—	—	(361)	(2,484)
Total comprehensive income/(loss) for the year	—	—	—	—	—	(2,123)	—	128,679	(3,995)	122,561
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, 2023	—	—	—	—	—	—	24,612	(24,612)	—	—
At 31st March, 2023	169,741	453,192	346	515	5,128	20,439	24,612	555,262	36,490	1,265,725

Shareholders' equity of the Group represents share capital amounting to approximately HK\$169,741,000 (2022: HK\$169,741,000) and reserves amounting to approximately HK\$1,059,494,000 (2022: HK\$973,676,000).

Consolidated Statement of Cash Flows

For the year ended 31st March, 2023

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	Notes	2023 HK\$'000	2022 HK\$'000
OPERATING ACTIVITIES			
Profit before taxation		143,244	34,224
Adjustments for:			
Interest revenue	7	(10,273)	(1,336)
Finance costs	8	858	83
Interest on lease liabilities	9	31,150	30,447
Effective interest income from rental deposits	7	(2,090)	(2,716)
COVID-19-related rent concessions	7	—	(7,858)
Net loss/(gain) on termination of leases		407	(1,487)
Dividend income from listed financial assets at fair value through profit or loss	7	(26)	(72)
Depreciation and amortisation of property, plant and equipment	9	46,158	53,856
Depreciation of right-of-use assets	9	93,582	111,167
Amortisation of prepaid lease payments	9	515	524
Net loss on disposal of plant and equipment	9	2,531	5,300
Share of results of associates		222	360
Share of results of joint ventures		522	580
Net (reversal of impairment loss)/impairment loss on right-of-use assets and equipment	7	(9,189)	9,787
Deficit/(surplus) on revaluation of investment properties	16	2,670	(7,435)
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	5,709	207
Net realized gain on financial assets at fair value through profit or loss (non-current)		—	(123)
Net unrealized loss on financial assets at fair value through profit or loss (non-current)	19	323	4,304
Operating cash flows before movements in working capital		306,313	205,444
Decrease in financial assets at fair value through profit or loss		167,779	56
(Increase)/decrease in inventories		(13,985)	29,461
Decrease/(increase) in trade debtors		20,898	(5,991)
(Increase)/decrease in other debtors, deposits and prepayments		(37,762)	4,236
(Decrease)/increase in trade creditors		(4,275)	15,421
Increase/(decrease) in other creditors and accruals		12,144	(55,376)
Cash generated from operations		451,112	193,251
Hong Kong Profits Tax paid		(21,837)	(32,434)
Income tax in other jurisdiction paid		(31)	(28)
Income tax in other jurisdiction refunded		—	14
NET CASH GENERATED FROM OPERATING ACTIVITIES		429,244	160,803

Consolidated Statement of Cash Flows

For the year ended 31st March, 2023

	Notes	2023 HK\$'000	2022 HK\$'000
INVESTING ACTIVITIES			
Interest received		8,358	1,376
Dividend income received from listed financial assets at fair value through profit or loss	7	26	72
Increase in deposits paid for trade purchases		—	(3,709)
Decrease in amounts payable for trade purchases		—	(189)
Purchases of property, plant and equipment		(202,775)	(62,641)
Purchase of an investment property	16	—	(35,945)
Purchase of intangible assets	20	(4,244)	—
Proceeds from disposal of plant and equipment		1,027	3,343
Proceeds from disposal of investment property		41,500	—
Purchases of financial assets at fair value through profit or loss		(7,858)	(11,682)
Proceeds from disposal of financial assets at fair value through profit or loss		—	17,616
Increase in pledged bank deposits		(69,786)	(109)
Increase in time deposits with original maturities more than 3 months		(123,403)	—
Net cash inflow on deemed acquisition of subsidiaries		—	82,767
Investment in an associate		(4,501)	—
Investment in a joint venture		(7)	—
Advances to joint ventures		(100)	(200)
NET CASH USED IN INVESTING ACTIVITIES		(361,763)	(9,301)
FINANCING ACTIVITIES			
Dividends paid	11	(40,738)	(40,738)
Lease payments	28	(136,320)	(120,712)
Proceed from bank loans		100,000	—
Repayment of bank loans		(92,389)	—
Deemed acquisition of additional interest in subsidiaries		—	(3,003)
Proceed from partial disposal of subsidiaries		—	1,751
Interest paid		(858)	(83)
NET CASH USED IN FINANCING ACTIVITIES		(170,305)	(162,785)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(102,824)	(11,283)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		408,520	416,298
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(5,336)	3,505
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		300,360	408,520
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits, bank balances and cash (including pledged bank deposits)	24	540,227	455,198
Less: Pledged bank deposits		(116,464)	(46,678)
Time deposits with original maturities more than 3 months		(123,403)	—
		300,360	408,520

Notes to the Financial Statements

For the year ended 31st March, 2023

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 ("HK\$"), 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 and food products, 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, 2022:

HKFRS (Amendments)	Annual Improvements to HKFRSs 2018-2020 cycle
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback ²
HKFRS 17	Insurance Contracts and Related Amendment ¹
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Related Amendments to Hong Kong Interpretation 5 (2020) ²
HKAS 1 (Amendments)	Non-current Liabilities with Covenants ²
HKAS 1 (Amendments) and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
HKAS 8 (Amendments)	Definition of Accounting Estimates ¹
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after 1st January, 2024

³ Effective date to be determined

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 accounted for in accordance with 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.

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).

Notes to the Financial Statements

For the year ended 31st March, 2023

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.

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 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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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 net 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.

Prepaid lease payments

The up-front payments 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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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 net other income.

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.

All other financial assets are subsequently measured at FVTPL.

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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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.

According to the changes of credit risk of financial instruments since the initial recognition, the Group calculates the ECL by three stages:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instruments for the next 12 months;
- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments;
- Stage 3: Financial assets with objective evidence of impairment at the financial reporting date are included in Stage 3, with their impairment allowance measured at the amount equivalent to the ECL over the lifetime of the financial instruments.

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;

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)*
- 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.

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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

ii. Measurement and recognition of ECL *(Continued)*

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.

iii. Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than one year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iv. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

v. 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.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

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.

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, bank loan 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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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 Group.

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. HK\$) 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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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. Effective 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 bank balances

Cash and bank balances as presented in the consolidated 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.

Notes to the Financial Statements

For the year ended 31st March, 2023

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 and other 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\$715,000 (2022: HK\$180,000) has been provided for the year ended 31st March, 2023 based on the provision matrix. The rate of expected credit losses applied for the calculation ranged from 0.64% to 1.00% (2022: 0.16% to 0.68%).

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, 2023 amounted to HK\$1,056,000 (2022: HK\$346,000), representing expected credit losses provided under provision matrix for trade debtors. No provision was required for individually credit-impaired trade debtors at the end of both reporting periods.

The Group measures loss allowances for advances and other debtors equal to twelve-month expected credit losses, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime expected credit losses.

An overdue convertible promissory note, which has a gross carrying amount of HK\$7,850,000 (2022: Nil), is classified as stage 2 in the expected credit loss model. An expected credit loss of HK\$4,828,000 has been provided for this note as at 31st March, 2023. The rate of expected credit losses applied for the calculation is 61.50%.

Except for the overdue convertible promissory note as disclosed in note 23, the Directors are of the opinion that the expected credit losses on the remaining advances and other debtors are not material, as they do not have a default history and the debtors have strong capacity to meet their contractual cash flow obligations in the near term.

Details of impairment assessment of trade debtors and other debtors for the year ended 31st March, 2023 are set out in note 42(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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

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 external valuer as disclosed in the note on investment properties. In determining the fair values, the valuer 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.

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 annually or where an indication of impairment exists. 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. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. For the financial year ended 31st March, 2023, with the improvement in our overall store performance, the Group recognised a reversal of impairment loss of HK\$9,189,000 on the convenience store assets, comprising (i) a reversal of impairment loss of HK\$5,482,000 on right-of-use assets and (ii) a reversal of impairment loss of HK\$3,707,000 on equipment respectively.

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

Notes to the Financial Statements

For the year ended 31st March, 2023

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:

	2023	2022
	HK\$'000	HK\$'000
Sales from operation of convenience stores	1,201,811	822,819
Rice sales	709,018	779,218
Sales of packaging materials	144,969	168,700
Rental income from investment properties	3,794	3,496
Others	182	—
	2,059,774	1,774,233

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, share of results of associates, share of results of joint ventures and taxation. 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, 2023

	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	1,201,811	709,018	144,969	—	3,794	182	—	2,059,774
Inter-segment sales	163	—	9,537	—	—	—	(9,700)	—
Total sales	1,201,974	709,018	154,506	—	3,794	182	(9,700)	2,059,774
RESULTS								
Segment results	68,178	105,607	(9,323)	(16,836)	(2,613)	(167)		144,846
Finance costs	—	—	—	—	—	(858)		(858)
Share of results of associates	—	271	—	—	(318)	(175)		(222)
Share of results of joint ventures	—	—	(3)	—	(519)	—		(522)
Profit before taxation								143,244
Taxation								(18,199)
Profit for the year								<u>125,045</u>
Profit for the year attributable to:								
Shareholders of the Company								128,679
Non-controlling interests								<u>(3,634)</u>
								<u>125,045</u>

Notes to the Financial Statements

For the year ended 31st March, 2023

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Segment assets and liabilities as at 31st March, 2023

	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	584,300	193,623	144,662	10,570	360,142	552,871	1,846,168
Interests in associates	—	10,257	—	—	20,407	4,326	34,990
Interests in joint ventures	—	—	4	—	11,493	—	11,497
Unallocated corporate assets							1,023
Consolidated total assets							<u>1,893,678</u>
LIABILITIES							
Segment liabilities	460,664	53,141	103,828	—	985	7,970	626,588
Unallocated corporate liabilities							1,365
Consolidated total liabilities							<u>627,953</u>

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

Other information for the year ended 31st March, 2023

	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	41,384	5,442	3,857	—	162,721	2,054	215,458
Additions to right-of-use assets	123,160	—	—	—	—	—	123,160
Depreciation and amortisation of property, plant and equipment	(33,519)	(5,595)	(4,475)	—	(2,318)	(251)	(46,158)
Depreciation of right-of-use assets	(87,506)	(67)	(6,009)	—	—	—	(93,582)
Reversal of impairment loss of equipment	3,707	—	—	—	—	—	3,707
Reversal of impairment loss of right-of-use assets	5,482	—	—	—	—	—	5,482
Amortisation of prepaid lease payments	—	(515)	—	—	—	—	(515)
Deficit on revaluation of investment properties	—	—	—	—	(2,670)	—	(2,670)
Net unrealized loss on financial assets at fair value through profit or loss	—	—	—	(482)	—	(323)	(805)
Government grants from Anti-Epidemic Fund	—	5,376	480	—	—	—	5,856
Allowance for expected credit losses on trade and other debtors	—	(879)	(2)	—	—	(4,828)	(5,709)
Interest on lease liabilities	(28,588)	(88)	(2,474)	—	—	—	(31,150)

Notes to the Financial Statements

For the year ended 31st March, 2023

6. SEGMENT INFORMATION (Continued)

Operating segments (Continued)

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>

Notes to the Financial Statements

For the year ended 31st March, 2023

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 on trade debtors	—	(54)	(153)	—	—	—	(207)
Interest on lease liabilities	(27,620)	(97)	(2,730)	—	—	—	(30,447)

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	
	2023 HK\$'000	2022 HK\$'000
Vietnam	1,201,993	822,819
Hong Kong	712,002	815,930
PRC and others	145,779	135,484
	2,059,774	1,774,233

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:

	2023 HK\$'000	2022 HK\$'000
Vietnam	457,589	417,285
Hong Kong	406,817	258,301
PRC	74,622	88,632
Others	48,939	46,225
	987,967	810,443

Information about major customers

For the year ended 31st March, 2023, no single customer contributed 10% or more to the Group's total revenue.

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

Notes to the Financial Statements

For the year ended 31st March, 2023

7. NET OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Interest revenue on:		
— Financial assets at fair value through profit or loss	929	67
— Financial assets measured at amortised costs	9,344	1,269
	10,273	1,336
Dividend income from listed financial assets at fair value through profit or loss	26	72
Other income from convenience store operation	15,774	15,829
Net reversal of impairment loss/(impairment loss) of right-of-use assets and equipment	9,189	(9,787)
Net realized loss on disposal of financial assets at fair value through profit or loss	(15,260)	(410)
Net foreign exchange (loss)/gain	(6,078)	8,390
Government grants from Anti-Epidemic Fund	5,856	209
Effective interest income from rental deposits	2,090	2,716
Net loss on disposal of plant and equipment	(2,531)	(5,300)
Allowance for expected credit losses on other debtors	(4,828)	—
Sundry income	3,822	4,453
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
COVID-19-related rent concessions for convenience store operation	—	7,858
	18,333	49,734

8. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on bank loans	858	83

9. PROFIT BEFORE TAXATION

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

	2023 HK\$'000	2022 HK\$'000
Auditor's remuneration		
Current year	1,627	1,602
(Over-provision)/under-provision in prior years	(18)	38
	1,609	1,640
Depreciation and amortisation of property, plant and equipment	46,158	53,856
Depreciation of right-of-use assets	93,582	111,167
Reversal of impairment loss of equipment	(3,707)	(1,292)
(Reversal of impairment loss)/impairment loss of right-of-use assets	(5,482)	11,079
Amortisation of prepaid lease payments	515	524
Rental expenses for short-term leases	349	206
Allowance for expected credit losses on trade and other debtors	5,709	207
Cost of inventories recognised as expense	1,193,224	1,045,141
Staff costs, including directors' remuneration	312,888	300,600
Interest on lease liabilities	31,150	30,447
Interest on bank loans	858	83
Rental income from investment properties	(3,794)	(3,496)
Less: Outgoings associated with rental income	199	203
	(3,595)	(3,293)
Net loss on disposal of plant and equipment	2,531	5,300

Notes to the Financial Statements

For the year ended 31st March, 2023

10. TAXATION

	2023	2022
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	18,421	22,525
Others	28	28
	18,449	22,553
Under-provision/(over-provision) in prior years:		
Hong Kong	14	(286)
Others	3	(14)
	17	(300)
Deferred tax (<i>Note 30</i>):		
Current year's credit	(267)	(133)
Taxation attributable to the Company and its subsidiaries	18,199	22,120

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:

	2023 HK\$'000	2022 HK\$'000
Profit before taxation	143,244	34,224
Tax at the domestic income tax rate of 16.5% (2022: 16.5%) (Note)	23,635	5,647
Tax effect of expenses not deductible for tax purpose	7,086	7,782
Tax effect of income not taxable for tax purpose	(6,730)	(7,845)
Under-provision/(over-provision) in respect of prior years	17	(300)
Tax effect of tax losses not recognised	6,201	22,178
Tax effect of utilisation of tax losses not previously recognised	(15,475)	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,787	(5,262)
Tax effect of share of results of associates and joint ventures	122	155
Others	556	(235)
Tax charge for the year	18,199	22,120

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:

	2023 HK\$'000	2022 HK\$'000
Interim dividend paid of HK1.2 cents per share on 1,697,406,458 shares (2022: HK1.2 cents per share on 1,697,406,458 shares)	20,369	20,369
Final dividend proposed of HK1.45 cents per share on 1,697,406,458 shares (2022: HK1.2 cents per share on 1,697,406,458 shares)	24,612	20,369
	44,981	40,738

The final dividend of HK1.45 cents per share for the year ended 31st March, 2023 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.

Notes to the Financial Statements

For the year ended 31st March, 2023

11. DIVIDENDS (Continued)

(b) Dividends approved and paid during the year:

	2023 HK\$'000	2022 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 (2022: 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 (2022: HK1.2 cents per share on 1,697,406,458 shares)	20,369	20,369
	40,738	40,738

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:

	2023 HK\$'000	2022 HK\$'000
Earnings for the purpose of basic earnings per share	128,679	18,697

There were no dilutive potential ordinary shares for both years.

13. PROPERTY, PLANT AND EQUIPMENT

	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
At 1st April, 2021						
Cost	102,773	15,390	287,799	103,726	15,429	525,117
Accumulated depreciation, amortisation and impairment losses	(69,761)	(15,390)	(165,948)	(88,769)	(13,679)	(353,547)
Closing carrying amount	33,012	—	121,851	14,957	1,750	171,570
Year ended 31st March, 2022						
Opening carrying amount	33,012	—	121,851	14,957	1,750	171,570
Acquisition of subsidiaries	27,183	—	93	3,659	1,123	32,058
Additions	—	—	44,167	17,749	725	62,641
Disposals/written off	—	—	(7,848)	(795)	—	(8,643)
Depreciation	(3,067)	—	(43,053)	(5,982)	(1,754)	(53,856)
Reversal of impairment loss	—	—	1,292	—	—	1,292
Exchange rate adjustments	—	—	1,536	181	8	1,725
Closing carrying amount	57,128	—	118,038	29,769	1,852	206,787
At 31st March, 2022						
Cost and valuation	129,593	16,016	303,528	123,812	17,304	590,253
Accumulated depreciation, amortisation and impairment losses	(72,465)	(16,016)	(185,490)	(94,043)	(15,452)	(383,466)
Closing carrying amount	57,128	—	118,038	29,769	1,852	206,787

Notes to the Financial Statements

For the year ended 31st March, 2023

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	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
At 1st April, 2022						
Cost and valuation	129,593	16,016	303,528	123,812	17,304	590,253
Accumulated depreciation, amortisation and impairment losses	(72,465)	(16,016)	(185,490)	(94,043)	(15,452)	(383,466)
Closing carrying amount	57,128	—	118,038	29,769	1,852	206,787
Year ended 31st March, 2023						
Opening carrying amount	57,128	—	118,038	29,769	1,852	206,787
Additions	162,392	—	47,491	4,562	1,013	215,458
Disposals/written off	—	—	(2,833)	(537)	(188)	(3,558)
Depreciation	(3,495)	—	(36,298)	(5,509)	(856)	(46,158)
Reversal of impairment loss	—	—	3,707	—	—	3,707
Exchange rate adjustments	—	—	(2,207)	(936)	(13)	(3,156)
Closing carrying amount	216,025	—	127,898	27,349	1,808	373,080
At 31st March, 2023						
Cost and valuation	292,012	14,846	321,370	123,462	17,888	769,578
Accumulated depreciation, amortisation and impairment losses	(75,987)	(14,846)	(193,472)	(96,113)	(16,080)	(396,498)
Closing carrying amount	216,025	—	127,898	27,349	1,808	373,080

The carrying amount of properties shown above comprises:

	2023 HK\$'000	2022 HK\$'000
Land and buildings situated in Hong Kong:		
Held under long lease	171,722	26,549
Held under medium-term lease	25,227	27,217
Freehold land and buildings situated outside Hong Kong	18,275	2,520
Building situated outside Hong Kong:		
Held under medium-term lease	801	842
	216,025	57,128

13. PROPERTY, PLANT AND EQUIPMENT (*Continued*)

During the year, reversal of impairment loss of HK\$3,707,000 has been recognised to recover the carrying amount of equipment under convenience store segment from HK\$114,913,000 (comprising Furniture, fixtures and equipment of HK\$114,201,000 and Motor vehicles and motor vessel of HK\$712,000) to HK\$118,620,000 (comprising Furniture, fixtures and equipment of HK\$117,908,000 and Motor vehicles and motor vessel of HK\$712,000).

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

The land and buildings with an aggregate carrying amount of approximately HK\$22,800,000 (2022: Nil) had been pledged to secure general banking facilities and bank loan granted to the Group's non-wholly owned subsidiary.

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

	<i>HK\$'000</i>
Carrying amount at 1st April, 2021	260,482
Acquisition of subsidiaries	4,647
Additions	212,140
Depreciation	(111,167)
Impairment loss (<i>Note</i>)	(11,079)
Derecognition	(41,854)
Exchange rate adjustments	5,576
	<hr/>
Carrying amount at 31st March, 2022 and 1st April, 2022	318,745
Additions	123,160
Depreciation	(93,582)
Reversal of impairment loss (<i>Note</i>)	5,482
Derecognition	(4,630)
Lease modifications	(2,722)
Exchange rate adjustments	(9,427)
	<hr/>
Carrying amount at 31st March, 2023	337,026

Note:

The Group conducted impairment assessment on the carrying amounts of the Group's convenience store assets ("the convenience store assets") as at 31st March, 2023. 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.

During the year ended 31st March, 2023, a reversal of impairment loss of HK\$9,189,000 has been recognised to recover the carrying amounts of the convenience store assets, comprising (i) a reversal of impairment loss of HK\$5,482,000 to recover the carrying amount of right-of-use assets under convenience store segment from HK\$282,656,000 to HK\$288,138,000; and (ii) a reversal of impairment loss of HK\$3,707,000 to recover the carrying amount of equipment under convenience store segment from HK\$114,913,000 to HK\$118,620,000 respectively.

Notes to the Financial Statements

For the year ended 31st March, 2023

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.

	2023 HK\$'000	2022 HK\$'000
Balance at beginning of the year	12,775	13,179
Charge for the year	(515)	(524)
Exchange rate adjustments	(218)	120
	<hr/>	
Balance at end of the year	12,042	12,775

16. INVESTMENT PROPERTIES

	2023 HK\$'000	2022 HK\$'000
Balance at beginning of the year	168,740	166,860
Addition	—	35,945
(Deficit)/surplus on revaluation	(2,670)	7,435
Reclassified as asset classified as held for sale (<i>Note 25</i>)	—	(41,500)
	<hr/>	
Balance at end of the year	166,070	168,740

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:

	2023 HK\$'000	2022 HK\$'000
Situated in Hong Kong:		
Held under long lease	160,290	162,150
Situated outside Hong Kong:		
Held under medium-term lease	5,780	6,590
	<hr/>	
	166,070	168,740

The investment properties were revalued at 31st March, 2023 on an open market value basis by Dudley Surveyors Limited, independent external valuer. The revaluation deficit of HK\$2,670,000 (2022: surplus of HK\$7,435,000) has been recognised in the consolidated statement of profit or loss for the year ended 31st March, 2023.

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, 2023 were categorised into Level 2. There were no transfers into or out of Level 2 during the year.

17. INTERESTS IN ASSOCIATES

	2023 HK\$'000	2022 HK\$'000
Unlisted investments:		
Share of net assets (Note a)	24,872	20,904
Deposits paid for trade purchases	10,118	10,118
	<hr/>	<hr/>
Carrying amounts (Note b)	34,990	31,022

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, 2023 and 31st March, 2022, 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, 2023.

Notes to the Financial Statements

For the year ended 31st March, 2023

17. INTERESTS IN ASSOCIATES (Continued)

Particulars of the Group's principal associates as at 31st March, 2023 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
				2023	2022	
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
Kanada FoodTech Company Limited	Incorporated	Hong Kong	HK\$10,000,000	45.01%	—	Producing and distributing Japanese light meals

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 as at the end of the reporting period is set out below:

	2023 HK\$'000	2022 HK\$'000
The Group's share of loss	(222)	(360)
The Group's share of other comprehensive loss	(311)	(76)
The Group's share of total comprehensive loss	(533)	(436)
Aggregate amount of the Group's share of net assets of these associates	24,872	20,904
Deposits paid for trade purchases	10,118	10,118
Carrying amounts	34,990	31,022

18. INTERESTS IN JOINT VENTURES

	2023 HK\$'000	2022 HK\$'000
Unlisted investments:		
Share of net liabilities (<i>Note a</i>)	(1,575)	(1,060)
Advances to joint ventures (<i>Note b</i>)	13,072	12,972
Carrying amounts (<i>Note c</i>)	11,497	11,912

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, 2023 and 31st March, 2022, 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, 2023.

Particulars of the Group's principal joint venture as at 31st March, 2023 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
				2023	2022	
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.

Notes to the Financial Statements

For the year ended 31st March, 2023

18. INTERESTS IN JOINT VENTURES (Continued)

Winhall Holdings Limited

	2023 HK\$'000	2022 HK\$'000
Non-current assets	22,927	23,768
Current assets	87	70
Current liabilities	(29)	(15)
Non-current liabilities - advances from shareholders	(26,144)	(25,943)
Revenue	—	—
Loss for the year	(1,039)	(1,160)
Other comprehensive loss for the year	—	—
Total comprehensive loss for the year	(1,039)	(1,160)

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:

	2023 HK\$'000	2022 HK\$'000
Net liabilities of Winhall Holdings Limited	(3,159)	(2,120)
Proportion of the Group's ownership interest in Winhall Holdings Limited	50%	50%
The Group's share of net liabilities of Winhall Holdings Limited	(1,579)	(1,060)
Advances to joint ventures	13,072	12,972
Carrying amounts	11,493	11,912

The Group's share of loss of an individually not material joint venture for the year ended 31st March, 2023 is approximately HK\$3,000 and the aggregate amount of the Group's share of net assets of that joint venture is approximately HK\$4,000.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity securities:		
Listed outside Hong Kong	4,618	12,186
Unlisted	368	368
	4,986	12,554
Debt securities:		
Listed outside Hong Kong	4,764	—
Other securities:		
Unlisted	7,136	172,640
	16,886	185,194
Analysed as:		
Non-current assets	7,504	7,806
Current assets	9,382	177,388
	16,886	185,194

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\$805,000 (2022: HK\$3,509,000) has been recognised in the consolidated statement of profit or loss, with loss of HK\$323,000 (2022: HK\$4,304,000) attributed to non-current assets and loss of HK\$482,000 (2022: gain of HK\$795,000) attributed to current assets.

Details of the fair value measurement of the financial assets for the year ended 31st March, 2023 are set out in note 42(f).

Notes to the Financial Statements

For the year ended 31st March, 2023

20. INTANGIBLE ASSETS

	Licence HK\$'000	Trademark HK\$'000	Total HK\$'000
COST			
Balance at 1st April, 2021 and 31st March, 2022	31,600	—	31,600
Addition	—	4,244	4,244
Balance at 31st March, 2023	31,600	4,244	35,844
AMORTISATION			
Balance at 1st April, 2021 and 31st March, 2022	9,095	—	9,095
Charge for the year	—	—	—
Balance at 31st March, 2023	9,095	—	9,095
CARRYING AMOUNT			
Balance at 31st March, 2022	22,505	—	22,505
Balance at 31st March, 2023	22,505	4,244	26,749

Licence

The licence 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 License was valued by Peak Vision Appraisals Limited, an independent qualified professional valuer, for the year ended 31st March, 2023. It is predicated on the basis that the value of a licence 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 10.52%, 4.80% and 16.30% 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 License is regarded as having infinite useful life and therefore amortisation would not be necessary with effect from April 2017.

20. INTANGIBLE ASSETS (Continued)

Trademark

The cost of trademark represents the acquisition cost of rice trademark (“Trademark”) acquired by the wholly-owned subsidiary of the Company from an independent third party during the year ended 31st March, 2023. The Trademark has an infinite useful life and no amortization is necessary.

The Trademark is measured initially at cost. At the end of the reporting period, the management conducted an impairment assessment on the Trademark. The Trademark was valued by Peak Vision Appraisals Limited, an independent qualified professional valuer, for the year ended 31st March, 2023.

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

21. INVENTORIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At cost:		
Raw materials	88,758	84,089
Work-in-progress	3,570	3,360
Finished goods	94,105	89,482
Consumable stores goods	10,223	8,742
	196,656	185,673

None of the inventories were carried at net realisable value at the end of the reporting period (2022: 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 goods delivery date:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	27,045	34,089
31-60 days	26,255	28,950
61-90 days	7,772	18,006
Over 90 days	4,364	6,801
	65,436	87,846

Notes to the Financial Statements

For the year ended 31st March, 2023

22. TRADE DEBTORS (Continued)

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 ended 31st March, 2023, the Group has made allowance for expected credit losses of approximately HK\$881,000 (2022: HK\$207,000) for the trade debtor balances.

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

	2023 HK\$'000	2022 HK\$'000
Balance at beginning of the year	346	756
Increase in allowance recognised in consolidated statement of profit or loss	881	207
Amount written off as uncollectible	(166)	(617)
Exchange rate adjustments	(5)	—
	<hr/>	<hr/>
Balance at end of the year	1,056	346

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\$715,000 (2022: HK\$180,000) has been provided for the year ended 31st March, 2023 based on the provision matrix. The rate of expected credit losses applied for the calculation ranged from 0.64% to 1.00% (2022: 0.16% to 0.68%).

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, 2023 amounted to HK\$1,056,000 (2022: HK\$346,000), representing expected credit losses provided under provision matrix for trade debtors. No provision was required for individually credit-impaired trade debtors at the end of both reporting periods.

Details of impairment assessment of trade debtors for the year ended 31st March, 2023 are set out in note 42(d).

23. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits and prepayments	15,705	11,046
Advances and other receivables	69,778	36,618
	85,483	47,664

During the year ended 31st March, 2023, the Group acquired a convertible promissory note issued by an unlisted issuer at principal amount of approximately HK\$7,850,000 (“the Note”). The Note is unsecured, interest-bearing at 9% per annum with repayment term of 5 months and matured in December 2022. The Group has been following up with the Note issuer for the repayment of the overdue Note (“the Overdue Convertible Promissory Note”). As at 31st March, 2023, the Overdue Convertible Promissory Note was included in other debtors at carrying value of HK\$3,022,000, after recognition of an allowance for expected credit loss of HK\$4,828,000 which was charged to the consolidated profit or loss for the year ended 31st March, 2023.

Details of impairment assessment of other debtors for the year ended 31st March, 2023 are set out in note 42(d).

24. CASH AND BANK BALANCES

Cash and bank balances comprise cash at bank and cash on hand held by the Group and bank time deposits.

Remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

25. ASSET CLASSIFIED AS HELD FOR SALE

During last year ended 31st 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 was reclassified as asset classified as held for sale. The investment property was disposed of during the year ended 31st March, 2023.

26. TRADE CREDITORS

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	113,367	116,232
31-60 days	4,726	5,296
61-90 days	558	3,321
Over 90 days	606	3,876
	119,257	128,725

Notes to the Financial Statements

For the year ended 31st March, 2023

27. OTHER CREDITORS AND ACCRUALS

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accruals	88,101	81,278
Other payables	40,115	41,701
Deposits received	1,836	2,105
	130,052	125,084

28. LEASE LIABILITIES

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Lease liabilities payable:		
Within one year	125,531	122,185
Over one year but less than two years	99,842	101,434
Over two years but less than five years	186,472	177,150
Over five years	32,476	44,105
Lease liabilities (undiscounted)	444,321	444,874
Discount amount	(74,653)	(73,050)
	369,668	371,824
Less: Amounts due within one year	(117,232)	(114,105)
Amounts due over one year	252,436	257,719

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 1st April, 2021	293,261	
Acquisition of subsidiaries	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 and 1st April, 2022	371,824	
Additions	120,736	
Interest expense	31,150	
Lease payments	(136,320)	
Derecognition	(4,223)	
Lease modifications	(2,722)	
Exchange rate adjustments	(10,777)	
	<hr/>	
Carrying amount at 31st March, 2023	369,668	
	<hr/>	
	2023	2022
	HK\$'000	HK\$'000
Analysed as:		
Current	117,232	114,105
Non-current	252,436	257,719
	<hr/>	
	369,668	371,824
	<hr/>	

The Group recognised rental expenses for short-term leases of approximately HK\$349,000 (2022: HK\$206,000) during the year ended 31st March, 2023.

All lease obligations are denominated in functional currencies of the relevant group entities.

The weighted average incremental borrowing rate applied to lease liabilities ranged from 4.7% to 11.0% (2022: 4.7% to 10.1%).

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For the year ended 31st March, 2023

29. BANK LOAN

The analysis of the repayment schedule of the secured bank loan is as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	3,296	—
Over one year but less than two years	3,435	—
Over two years but less than five years	880	—
	4,315	—
	7,611	—
	2023 HK\$'000	2022 HK\$'000
Analysed as:		
Current	3,296	—
Non-current	4,315	—
	7,611	—

At 31st March, 2023, the bank loan is secured by pledge of certain land and buildings with an aggregate carrying amount of approximately HK\$22,800,000 (2022: Nil). The interest rates are principally on a floating rate basis and range from 2.11% to 6.22% (2022: Nil) per annum during the year ended 31st March, 2023.

30. 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 1st April, 2021	1,721
Acquisition of subsidiaries	44
Credit to income for the year	(133)
At 31st March, 2022 and 1st April, 2022	1,632
Credit to income for the year	(267)
At 31st March, 2023	1,365

At the end of the reporting period, the Group has unused tax losses of approximately HK\$6,199,000 (2022: HK\$5,720,000) 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.

31. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	HK\$'000
Authorised		
At 1st April, 2021, 31st March, 2022 and 31st March, 2023	3,000,000,000	300,000
Issued and fully paid		
At 1st April, 2021, 31st March, 2022 and 31st March, 2023	1,697,406,458	169,741

There was no movement in share capital during both years.

32. 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.

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.

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For the year ended 31st March, 2023

32. SHARE OPTIONS *(Continued)*

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 vesting period of options granted under the Scheme.

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, 2023 and 31st March, 2022.

33. FINANCIAL POSITION OF THE COMPANY

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSET			
Interests in subsidiaries		891,869	892,738
CURRENT ASSETS			
Other debtors, deposits and prepayments		224	252
Cash and bank balances		1,030	27
		1,254	279
CURRENT LIABILITY			
Other creditors and accruals		102	—
NET CURRENT ASSETS			
		1,152	279
		893,021	893,017
CAPITAL AND RESERVES			
Share capital	31	169,741	169,741
Reserves	34	723,280	723,276
		893,021	893,017

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 19th June, 2023 and was signed on its behalf by:

Laurent LAM Kwing Chee
Chairman and Group Executive Chairman

Anthony LAM Sai Ho
Vice Chairman and Group Chief Executive Officer

Notes to the Financial Statements

For the year ended 31st March, 2023

34. 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 69 to 70 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, 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
Profit for the year	—	—	—	—	40,742	40,742
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, 2023	—	—	—	24,612	(24,612)	—
At 31st March, 2023	453,192	216,596	515	24,612	28,365	723,280

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:

- it is, or would after the payment be, unable to pay its liabilities as they become due;
- 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.

34. RESERVES (Continued)

The Company (Continued)

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

	2023 HK\$'000	2022 HK\$'000
Contributed surplus	216,596	216,596
Dividend reserve	24,612	20,369
Retained earnings	28,365	32,604
	269,573	269,569

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.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31st March, 2023 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
			2023	2022	
Affluent Woods Limited	British Virgin Islands	1,500,000 ordinary shares of US\$1 each	85%	85%	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

Notes to the Financial Statements

For the year ended 31st March, 2023

35. 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
			2023	2022	
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
Golden Splendor Development Limited	Hong Kong	HK\$1	100%	–	Property holding
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%	85%	Investment holding
Guangzhou Golden Resources Trading Development Co., Ltd.**	PRC	¥RMB2,500,000	100%	100%	Marketing, sales and distribution of rice

35. 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
			2023	2022	
Honorwood Limited	Hong Kong	HK\$1	100%	–	Investment holding
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%	100%	Investment holding
Kim Phong Services Company Limited	Vietnam	Charter Capital VND250,000,000 Paid up Capital VND250,000,000	100%	100%	Investment holding
Largewood Limited	Hong Kong	HK\$1	100%	–	Property 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
Plenty Wood Limited	Hong Kong	HK\$1	100%	–	Property holding

Notes to the Financial Statements

For the year ended 31st March, 2023

35. 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
			2023	2022	
Red Circle Company Limited	Vietnam	Charter Capital VND20,214,500,000 Paid up Capital VND20,214,500,000	100%	100%	Operation of convenience stores
Radiant Bay Holdings Limited	British Virgin Islands	1 ordinary share of US\$1	100%	–	Investment holding
Reo Developments Limited [®]	British Virgin Islands/ Hong Kong	21,451 ordinary shares of US\$1 each	100%	100%	Investment holding
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%	64.08%	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%	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)

35. 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.
- ^^ Guanzhou 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.

36. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged bank deposits of approximately HK\$116.4 million (2022: HK\$46.6 million) and financial assets at fair value through profit or loss of approximately HK\$0.5 million (2022: HK\$165.9 million) to secure general credit facilities granted to certain subsidiaries. These facilities had not been utilised at the end of both reporting periods.

At the end of the reporting period, certain land and buildings of the Group's non-wholly owned subsidiary with an aggregate carrying amount of approximately HK\$22.8 million (2022: Nil) had been pledged to secure general banking facilities and bank loan granted to it.

Notes to the Financial Statements

For the year ended 31st March, 2023

37. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

	2023 HK\$'000	2022 HK\$'000
Fees	400	400
Basic salaries, allowances and benefits in kind	9,993	10,609
Retirement benefits scheme contributions	404	417
Bonus paid	2,417	2,797
	13,214	14,223

Name of director	Fees		Other emoluments			2023 Total HK\$'000	2022 Total HK\$'000
	HK\$'000	HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Retirement benefits scheme contributions HK\$'000	Bonus paid HK\$'000		
Executive Director							
Mr. Laurent LAM Kwing Chee	—	3,747	154	1,036	4,937	4,838	
Mr. Anthony LAM Sai Ho	—	3,775	154	1,036	4,965	4,511	
Madam LAM Sai Mann	—	460	18	—	478	478	
Ms. Morna YUEN Mai-tong	—	1,311	55	345	1,711	1,595	
Mr. TSANG Siu Hung	—	700	23	—	723	2,401	
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	
2023 Total	400	9,993	404	2,417	13,214	14,223	
2022 Total	400	10,609	417	2,797	14,223		

During the year ended 31st March, 2023, no emoluments were paid by the Group to any of the Directors as an inducement to join or upon joining the Group (2022: Nil).

(b) Directors' termination benefits

During the year ended 31st March, 2023, there were no termination benefits received by the Directors (2022: Nil).

37. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

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

During the year ended 31st March, 2023, no consideration was paid for making available the services of the Directors of the Company (2022: Nil).

(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, 2023, 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 (2022: 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 (2022: Nil).

38. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2022: three) Directors, details of whose remunerations are set out in note 37(a) to the consolidated financial statements. The remunerations paid to the five highest paid employees are as follows:

	2023 HK\$'000	2022 HK\$'000
Basic salaries, allowances and benefits in kind	13,947	12,333
Retirement benefits scheme contributions	436	484
Bonus paid	4,647	3,422
	19,030	16,239

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

HK\$	Number of employees	
	2023	2022
2,000,001 — 2,500,000	1	3
2,500,001 — 3,000,000	1	—
3,500,001 — 4,000,000	1	—
4,500,001 — 5,000,000	2	2
	5	5

During the year ended 31st March, 2023, 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 (2022: Nil).

Notes to the Financial Statements

For the year ended 31st March, 2023

39. RELATED PARTY TRANSACTIONS

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

	2023 HK\$'000	2022 HK\$'000
Net amount of trade purchases from and sharing of administrative services on a cost basis with associates (Notes a, b)	107,615	80,906
Rental income from associate (Note a)	232	—

Notes:

- (a) The transactions 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 40(c).

During last financial year ended 31st March, 2022, 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.

Remuneration for key management personnel

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

	2023 HK\$'000	2022 HK\$'000
Short-term employee benefits	21,810	18,156
Post-employment employee benefits	532	556
	22,342	18,712

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.

40. 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

	2023 HK\$'000	2022 HK\$'000
Acquisition of property, plant and equipment	7,279	7,185
Capital contribution for an investee company	20,400	20,400
	27,679	27,585

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\$3,794,000 (2022: HK\$3,496,000). 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:

	2023 HK\$'000	2022 HK\$'000
Within one year	2,943	3,006
In the second year	1,351	1,761
In the third year	111	1,228
In the fourth year	92	161
	4,497	6,156

(c) Contingent liabilities and financial guarantees issued

	2023 HK\$'000	2022 HK\$'000
Guarantees given in respect of banking facilities made available to:		
— associate	14,508	14,887

Notes to the Financial Statements

For the year ended 31st March, 2023

40. 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.

41. RETIREMENT BENEFITS SCHEMES

	2023	2022
	HK\$'000	HK\$'000
Retirement benefits schemes contributions	24,769	25,580

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.

41. 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.

42. 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, bank loan 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 outstanding bank loan of approximately HK\$7,611,000 at the end of the reporting period (2022: Nil).

(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	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Vietnamese Dong	135,512	129,152	454,382	424,143
Renminbi	75,084	146,567	101,590	179,295

Notes to the Financial Statements

For the year ended 31st March, 2023

42. 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	
	2023 HK\$'000	2022 HK\$'000
Impact of Vietnamese Dong	25,510	23,599
Impact of Renminbi	1,325	1,636

(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 cash and bank balances of approximately HK\$540,227,000 (2022: HK\$455,198,000) and bank loan of approximately HK\$7,611,000 (2022: 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, 14% (2022: 22%) and 34% (2022: 48%) of the total trade debtors balance were due from the group's largest customer and the five largest customers respectively.

42. 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\$715,000 (2022: HK\$180,000) has been provided for the year ended 31st March, 2023 based on the provision matrix. The rate of expected credit losses applied for the calculation ranged from 0.64% to 1.00% (2022: 0.16% to 0.68%).

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, 2023 amounted to HK\$1,056,000 (2022: HK\$346,000), representing expected credit losses provided under provision matrix for trade debtors. No provision was required for individually credit-impaired trade debtors at the end of both reporting periods.

The Group measures loss allowances for advances and other debtors equal to twelve-month expected credit losses, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime expected credit losses.

An Overdue Convertible Promissory Note, which has a gross carrying amount of HK\$7,850,000 (2022: Nil), is classified as stage 2 in the expected credit loss model. An expected credit loss of HK\$4,828,000 has been provided for this note as at 31st March, 2023. The rate of expected credit losses applied for the calculation is 61.50%.

Except for the Overdue Convertible Promissory Note as disclosed in note 23, the Directors are of the opinion that the expected credit losses on the remaining advances and other debtors are not material, as they do not have a 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, 2023, the Group's net current assets amounted to approximately HK\$528,370,000 (2022: HK\$625,004,000) with current ratio, calculated as current assets divided by current liabilities, at approximately 2.4 times (2022: 2.6 times). Together with cash and bank balances of approximately HK\$540,227,000 (2022: HK\$455,198,000), the Group is in sound financial position to meet the capital requirements of the Group's operations and developments in the near future.

Notes to the Financial Statements

For the year ended 31st March, 2023

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(e) Liquidity risk management (Continued)

	Weighted average effective interest rate %	At 31st March, 2023					Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
		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	More than 5 years HK\$'000		
Trade creditors	—	119,257	—	—	—	119,257	119,257	
Other creditors and accruals	—	130,052	—	—	—	130,052	130,052	
Lease liabilities	4.7%-11.0%	125,531	99,842	186,472	32,476	444,321	369,668	
Bank loan	4.1%	3,548	3,548	886	—	7,982	7,611	
		378,388	103,390	187,358	32,476	701,612	626,588	

	Weighted average effective interest rate %	At 31st March, 2022					Total contractual undiscounted cash flow HK\$'000	Total carrying amount HK\$'000
		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	More than 5 years 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	

(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).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(f) Fair value (Continued)

Financial assets

	At 31st March, 2023			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Financial assets at fair value through profit or loss:				
Listed equity securities	4,618	—	—	4,618
Unlisted equity securities	—	—	368	368
Listed debt securities	4,764	—	—	4,764
Other unlisted securities	—	—	7,136	7,136
	9,382	—	7,504	16,886
	At 31st March, 2022			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 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

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 and debt 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 0.36 to 2.33 (2022: from 0.63 to 2.17) and discount for lack of marketability of 20% (2022: 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.

Notes to the Financial Statements

For the year ended 31st March, 2023

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(f) Fair value (Continued)

Reconciliation of Level 3 fair value measurements

	2023 HK\$'000	2022 HK\$'000
Balance at beginning of the year	7,806	17,861
Additions	7,858	11,682
Disposals	—	(17,493)
Reclassification to other debtors (Note 23)	(7,850)	—
Fair value changes of financial assets		
at fair value through profit or loss	(323)	(4,304)
Exchange rate adjustments	13	60
	<hr/>	<hr/>
Balance at end of the year	7,504	7,806

Total fair value loss of financial assets at fair value through profit or loss of HK\$805,000 (2022: HK\$3,509,000) has been recognised in the consolidated statement of profit or loss for the year, with loss of HK\$323,000 (2022: HK\$4,304,000) 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, 2023, carrying values of financial assets at fair value through profit or loss which were stated at fair values amounted to approximately HK\$16,886,000. 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\$2,533,000.

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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(h) Summary of financial assets and liabilities by category

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets:		
Trade debtors	65,436	87,846
Other debtors	69,778	36,618
Financial assets at fair value through profit or loss	16,886	185,194
Cash and bank balances	540,227	455,198
	692,327	764,856
Financial liabilities:		
Trade creditors	119,257	128,725
Other creditors and accruals	130,052	125,084
Lease liabilities	369,668	371,824
Bank loan	7,611	—
	626,588	625,633

As at 31st March, 2023, 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.

Notes to the Financial Statements

For the year ended 31st March, 2023

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank loan <i>HK\$'000</i>	Lease liabilities <i>HK\$'000</i>	Total <i>HK\$'000</i>
Carrying amount at 1st April, 2021	—	293,261	293,261
Financing cash flows	—	(120,712)	(120,712)
Non-cash changes:			
Acquisition of subsidiaries	—	4,647	4,647
Additions	—	209,164	209,164
Interest expense	—	30,447	30,447
COVID-19-related rent concessions	—	(7,858)	(7,858)
Derecognition	—	(43,341)	(43,341)
Exchange rate adjustments	—	6,216	6,216
Carrying amount at 31st March, 2022 and 1st April, 2022	—	371,824	371,824
Financing cash flows	6,753	(136,320)	(129,567)
Non-cash changes:			
Additions	—	120,736	120,736
Interest expense	858	31,150	32,008
Derecognition	—	(4,223)	(4,223)
Lease modifications	—	(2,722)	(2,722)
Exchange rate adjustments	—	(10,777)	(10,777)
Carrying amount at 31st March, 2023	7,611	369,668	377,279

44. NON-CONTROLLING INTERESTS

Particulars of the Group's non-wholly owned subsidiary that has material non-controlling interests as at 31st March, 2023 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	
		2023	2022	2023	2022
Supreme Development Company Limited	Hong Kong/Hong Kong and PRC	35.92%	35.92%	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")

	2023 HK\$'000	2022 HK\$'000
Non-current assets	87,482	102,014
Current assets	115,965	121,885
Current liabilities	(78,366)	(85,412)
Non-current liabilities	(49,851)	(55,947)
Net assets	75,230	82,540
Equity attributable to shareholders of the Company	48,209	52,894
Non-controlling interests	27,021	29,646
	75,230	82,540
Revenue	154,507	178,033
Loss for the year	(9,301)	(17,398)
Loss for the year attributable to:		
Shareholders of the Company	(5,960)	(10,867)
Non-controlling interests of Supreme Development	(3,341)	(6,531)
	(9,301)	(17,398)
Other comprehensive income/(loss), net of tax		
Exchange differences on translation of foreign operation:		
Shareholders of the Company	1,278	(4,469)
Non-controlling interests of Supreme Development	716	(2,511)
	1,994	(6,980)

Notes to the Financial Statements

For the year ended 31st March, 2023

44. NON-CONTROLLING INTERESTS (Continued)

Supreme Development Company Limited (“Supreme Development”) (Continued)

	2023	2022
	HK\$'000	HK\$'000
Total comprehensive loss attributable to:		
Shareholders of the Company	(4,682)	(15,336)
Non-controlling interests of Supreme Development	(2,625)	(9,042)
	(7,307)	(24,378)
Net cash inflow from operating activities	2,445	8,563
Net cash outflow from investing activities	(3,167)	(12,336)
Net cash outflow from financing activities	(5,546)	(35,520)
Net cash outflow	(6,268)	(39,293)

45. EVENT AFTER THE REPORTING PERIOD

On 31st May, 2023, Honorwood Limited (“Honorwood”), an indirect wholly-owned subsidiary of the Company, entered into share purchase agreement with independent third parties, Yoshio Nishimura, Sachiko Nishimura, Urara Nishimura and Ayano Nishimura (“the Vendors”), pursuant to which Honorwood conditionally agreed to acquire, and the Vendors conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the NI Corporation, at the Consideration of JPY3,404,000,000 (equivalent to approximately HKD197,432,000). The Consideration for the acquisition is funded by the Group’s internal resources.

Upon completion, the Company will indirectly hold the entire issued share capital of the NI Corporation and its subsidiary (the “NI Group”).

NI Group is principally engaged in the business of real estate transactions, leasing accommodations, operating restaurants, managing sports facilities and parking lots in Niseko Japan and its surrounding areas through its ownership in the Land and the Properties.

Details of the acquisition of the entire issued share capital of the NI Corporation are disclosed in the Discloseable Transaction Announcement of the Company dated 31st May, 2023.

Schedule of Investment Properties

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At 31st March, 2023

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, 2023

	Year ended 31st March,				
	2019	2020	2021	2022	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
REVENUE					
Convenience store operation	684,557	879,581	829,566	822,819	1,201,811
Rice operation	770,069	852,512	781,046	779,218	709,018
Packaging materials operation	—	—	—	168,700	144,969
Property investment	3,797	4,347	3,748	3,496	3,794
Others	—	—	—	—	182
	1,458,423	1,736,440	1,614,360	1,774,233	2,059,774
Profit/(loss) before taxation	11,778	(2,527)	63,827	34,224	143,244
Taxation	(7,492)	(20,020)	(23,572)	(22,120)	(18,199)
Profit/(loss) for the year	4,286	(22,547)	40,255	12,104	125,045
Profit/(loss) for the year attributable to:					
Shareholders of the Company	4,356	(22,652)	40,212	18,697	128,679
Non-controlling interests	(70)	105	43	(6,593)	(3,634)
	4,286	(22,547)	40,255	12,104	125,045
Dividends	39,040	39,040	39,040	40,738	44,981
As at 31st March,					
	2019	2020	2021	2022	2023
ASSETS AND LIABILITIES	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	1,407,597	1,683,454	1,683,851	1,813,518	1,893,678
Total liabilities	(149,522)	(496,065)	(504,560)	(629,616)	(627,953)
Non-controlling interests	(8,183)	(23,070)	(8,542)	(40,485)	(36,490)
Shareholders' equity	1,249,892	1,164,319	1,170,749	1,143,417	1,229,235